



**Office of Inspector General  
U.S. General Services Administration**

# Semiannual Report to the Congress

**April 1, 2002 - September 30, 2002**

# GSA's SIGNIFICANT MANAGEMENT CHALLENGES

The Congress requested the Inspectors General of major Federal agencies to report on the most significant management challenges facing their respective agencies. Our strategic planning process commits us to addressing these critical issues. The following table briefly describes the challenges we have identified for GSA and references related work products issued by the GSA OIG and discussed in this semiannual report.

| CHALLENGES  | BRIEF DESCRIPTION OF CHALLENGE   | PAGE                   |
|---|--|------------------------|
| <b>PROTECTION OF FEDERAL FACILITIES AND PERSONNEL</b> | GSA is responsible for protecting the life and safety of employees and public visitors in Federal buildings. A broadly integrated security program is required.                                    | 2 – 6                  |
| <b>MANAGEMENT CONTROLS</b>                            | Management controls have been streamlined, resulting in fewer and broader controls, making it essential that the remaining controls be emphasized and consistently followed.                       | 6 – 14                 |
| <b>PROCUREMENT ACTIVITIES</b>                         | Simplified processes have reduced order and delivery time, yet competitive principles are not always followed and opportunities may be missed for less costly services and products.               | 14 – 15,<br>23 – 28    |
| <b>INFORMATION TECHNOLOGY</b>                         | Technology applications have increased exponentially as "E-Gov" is used to better manage operations and interface with the public, but complex integration and security issues exist.              | 16 – 20                |
| <b>HUMAN CAPITAL</b>                                  | GSA's corporate knowledge is eroding and efforts to obtain requisite skills for the future are impeded. Better recruitment and training programs are needed to develop the 21st century workforce. | 21 – 22                |
| <b>AGING FEDERAL BUILDINGS</b>                        | GSA is being challenged to provide quality space to Federal agencies using an aging, deteriorating inventory of buildings and facing critical budgetary limitations in its modernization program.  | No Reports This Period |

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## Foreword

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*This report, submitted pursuant to the Inspector General Act of 1978, as amended, summarizes the activities of the Office of Inspector General (OIG) for the 6-month reporting period that ended September 30, 2002.*

*During the past 6 months, we continued to work with GSA to identify business management and operational improvements in the Agency's programs and operations. We issued a number of reports focusing on the major management issues facing the Agency, including building security, management controls, procurement activities, information technology, and human capital. In the vital area of security, we reported that although we have seen substantial improvements in GSA's overall security program, there are continuing problems which must be corrected and management still faces many challenges.*

*During this period, two other areas of concern emerged which will require future attention. First, in light of the possible transfer of the Federal Protective Service to the proposed Department of Homeland Security, based on the many reviews we have conducted in this area over recent years, we identified a number of critical issues that will need to be addressed to ensure the proper integration of building security with other essential elements of building operations. The proposed transfer raises questions concerning lines of responsibility for government building security, guard contract administration, and the funding of security-related activities. Second, we have seen an increase in contract administration deficiencies in our audit report findings. This is a matter of particular concern in view of the growing reliance on contractors to carry out Agency activities.*

*We identified over \$142 million in financial recommendations on how funds could be put to better use and in other program savings. We made 215 referrals for criminal prosecution, civil litigation, and administrative action. Criminal cases originating from OIG referrals resulted in 19 successful prosecutions. For fiscal year 2002 as a whole, we achieved over \$242 million in savings from management decisions on audit financial recommendations and investigative recoveries.*

*I want to express my appreciation to Congress, as well as the senior management of the Agency, for their support over this past year to the mission of this Office. I also want to express my appreciation for the accomplishments of all OIG employees and commend them for their continued professionalism, dedication, and willingness to accept new challenges.*

*Daniel R. Levinson  
Inspector General  
October 31, 2002*



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## Summary of OIG Performance

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### ***OIG Accomplishments***

**April 1, 2002 - September 30, 2002**

Total financial recommendations \$143,090,809

These include:

• Recommendations that funds be put to better use \$142,001,646

• Questioned costs \$1,089,163

Audit reports issued 88

Referrals for criminal prosecution, civil litigation, and administrative action 215

### ***Results Attained***

Management decisions agreeing with audit recommendations; civil settlements; and court-ordered and investigative recoveries \$134,705,742

Indictments and informations on criminal referrals 23

Cases accepted for criminal prosecution 28

Cases accepted for civil action 6

Successful criminal prosecutions 19

Civil settlements 4

Contractors/individuals debarred 33

Contractors/individuals suspended 11

Employee actions taken on administrative referrals involving GSA employees 17

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## *Fiscal Year 2002 Results*

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During Fiscal Year (FY) 2002, OIG activities resulted in:

- Over \$226 million in recommendations that funds be put to better use and in questioned costs. If adopted, these recommendations ultimately result in savings for the taxpayer.
- 158 audit reports that assisted management in making sound decisions regarding Agency operations.
- 3 implementation reviews that tracked the progress of actions in response to internal audit reports.
- \$242 million in management decisions agreeing with audit recommendations; civil settlements; and court-ordered and investigative recoveries.
- 195 new investigations opened and 213 cases closed.
- 52 case referrals (82 subjects) accepted for criminal prosecution and 13 case referrals (19 subjects) accepted for civil litigation.
- 41 criminal indictments/informations and 50 successful prosecutions on criminal matters referred.
- 5 civil settlements.
- 34 employee actions taken on administrative referrals involving GSA employees.
- 49 contractor/individual suspensions and 57 contractor/individual debarments.
- 473 legislative matters and 54 regulations and directives reviewed.
- 1,921 Hotline calls and letters received of which 258 warranted further GSA action.

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## Executive Summary

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During this period, the OIG continued to direct its audit, investigative, and evaluative resources to activities that address what we believe to be the major management challenges facing the Agency. We provided a variety of services designed to help the Agency address these challenges and to improve operations. These services included program evaluations, contract and financial auditing, and management control reviews; investigative coverage and litigation support in contract claims, civil fraud and enforcement actions, and criminal prosecutions; and reviews of proposed legislation and regulations.

In light of recent changes to the Government Auditing Standards, we ceased accepting consulting assignments, however, we did provide best practices reviews and *ex officio* participation on Agency improvement task forces, committees, and working groups.

### **Management Challenges**

We have highlighted a number of reviews that address major management issues facing GSA. Some of these challenges are in the areas of Federal facilities and personnel protection, management controls, procurement activities, information technology (IT), and human capital. Our efforts during this period focused on the following:

#### **Protection of Federal Facilities and Personnel**

##### Contract Guard Program

We are continuing our assessment of the physical security program managed by GSA's Federal Protective Service (FPS). We completed a review of the Contract Guard Program to update the status of management's ongoing implementation of recommendations contained in a previous audit report. While management has made some improvements, the program continues to experience weaknesses that must be overcome (page 2).

##### Proposed FPS transfer to DHS

The President announced his intent to transfer FPS to a new Department of Homeland Security. To assist, we prepared a report identifying critical operational issues we believe need to be addressed as part of the proposed transfer. These issues include:

- determining responsibility for government building security;
- assigning responsibility for the administration of the Contract Guard Program;
- ensuring GSA is promptly notified of threats to its buildings; and
- establishing means for recovering security costs (page 3).

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## Executive Summary

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### Security clearances

In another security-related review, we reported our concerns that GSA managers are not ensuring that certain types of contractor employees — security guards, employees of janitorial and maintenance contractors, and contractors working on the Agency’s computer information systems — have appropriate security background checks (page 5).

### Management Controls

### Awards program

GSA adopted an employee award system that recognizes specific acts at the time of their occurrence rather than tying rewards to the annual rating process. Also, in order to streamline operations and empower employees, GSA removed multiple approval layers needed to issue cash and time-off awards. We examined the policies, procedures, and operations of the GSA Awards Program and found instances of award overuse, inappropriate salary augmentation associated with repetitive awards to the same individuals, and disregard for existing approval authorities. During our fieldwork, the GSA Administrator requested management to fully assess the program (page 7).

### Billing and payment systems

In previous semiannual reports, we have addressed many of the challenges facing GSA when processing financially-related transactions for its varied programs. This period, our review of the Internet-based FTS2001 billing system showed that the Federal Technology Service could improve billing processes and customer relationships by maintaining accurate and complete client information (page 8). Also, we completed three other reviews that addressed management controls (page 9).

### Contract administration issues

Recently, we have noticed that contract administration issues are more frequently being raised in our audits. While such conditions may not be new, there exists a trend that, if allowed to continue, could lead to significant problems. With GSA’s rapidly increasing reliance on contractors to perform many of the functions now provided by government employees, the importance of contract administration will grow considerably. Understandably, if the weaknesses exist now, GSA needs to undertake corrective measures before the workload increases (page 9).

In a series of other reviews, we found that:

- Management officials in one region certified payments for guard services without adequate assurance that services required by the contract had been provided. Almost half of the billings, valued at \$617,167 were not supported by sufficient documentation (page 11).
- In another region, contractors were not being timely paid because the contracting officials were too overworked/understaffed to review all

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## Executive Summary

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documentation and were late in certifying invoices for payment. Seven contractors reported that GSA's overdue payments totaled about \$1.9 million. One contractor claimed to be in danger of fiscal collapse because GSA owed it \$1.5 million as of February 2001 (page 11).

- Other regional reports discussed control weaknesses within local operations (pages 12-14).

### Procurement deficiencies

#### Procurement Activities

The Federal Acquisition Regulation (FAR) requires that contracting officials provide file documentation that each step of the acquisition process is complete. However, in one review we conducted, we found pricing was not adequately substantiated in the majority of contract files sampled. This was due to an unusually high staff turnover rate and a large number of inexperienced contracting officers. We also identified three procurement actions that require ratification by a contracting officer because the awards were made by officials who were not authorized to do so (page 14).

Although the FAR specifies that contracts may be awarded to responsible contractors only, the determination of responsibility is a judgment made by the contracting officer based on general guidelines. Our review found that GSA needs to improve the process for analyzing relevant information; contracting officers need to better document their rationale and specific information considered in making responsibility determinations (page 15).

### Information security program

#### Information Technology

We performed an evaluation of GSA's Agency-wide information security program and controls as required by the Government Information Security Reform Act (GISRA). Our assessment on security aspects of six major IT systems that support the operations of the GSA Services and Staff Offices found higher levels of security control in place than in the prior year's review. Six of the previously cited 14 weaknesses were reported as having been corrected. Actions to correct the remaining eight weaknesses depend upon the completion of the revisions to GSA's IT Security Policy. We also determined that the GISRA required Plan of Actions and Milestones at the system level have not been completed and are not being used to prioritize, track, and manage GSA's efforts to close security performance gaps (page 16).

### FEDdesk's online services

GSA's Finance Center provides accounting and financial services to GSA as well as 17 other Federal agencies. In 1994, the Finance Center developed the FEDdesk platform to provide easy online access for various administrative functions. While FEDdesk has been in operation

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## Executive Summary

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for over 6 years, GSA has not completed a full-risk assessment, which would assess the security requirements, customer needs, and operations. It would also help to ensure the integrity, reliability, and accuracy of the transactions that are processed through the interface (page 17).

### E-mail system

Our review of GSA's e-mail system showed that the Agency has implemented effective firewall procedures to prevent viruses and block unwanted mail. However, we did note opportunities to improve e-mail security and controls. In addition, GSA's contingency plan did not adequately address the actions the Chief Information Officer would need to take to restore operability in the event of major disruptions (page 19).

### Human Capital

### FAIR Act inventory process

The Federal Activities Inventory Reform (FAIR) Act requires Federal agencies to annually identify any commercial activities they perform and consider these for competition with the private sector. We found inconsistencies in how activities were being classified, particularly with respect to whether an activity should be classified as inherently governmental or commercial. We provided GSA with examples used by other Federal agencies to successfully fulfill not only the FAIR Act requirements but also the President's Management Agenda initiatives. We also recommended that the Chief Financial Officer (CFO) formalize the way guidance is issued and that guidance be Agency-specific. In addition, we recommended that the CFO develop an oversight process to review inventory data at all levels (page 21).

### ***Promoting and Protecting Integrity***

In our ongoing efforts to promote and protect the integrity of GSA's programs and operations, we conducted criminal and civil fraud investigations that resulted in a number of enforcement actions. Highlights follow:

- Two Federal Protective Service (FPS) supervisory officers were convicted of altering/falsifying police incident reports in order to support nationwide pay grade increases for FPS officers (page 23).
- A \$1,690,000 judgment was entered against Pi Construction Corporation in a *qui tam* False Claims Act lawsuit for misrepresenting its eligibility to participate as an 8(a) contractor (page 24).
- AMEC Construction Management, Inc., and AMEC, plc., its British parent company, were debarred for 1 year by GSA's Office of Acquisition Policy based on multiple convictions for making false claims in connection with the submission of falsified invoices for bond premiums on two major GSA construction projects (page 24).

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## ***Executive Summary***

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- Three GSA temporary employees were convicted of theft of government funds after falsifying their time cards and forging the signature of a GSA building management official in order to receive payments for overtime hours not worked. Their claims totaled in excess of \$64,000 (page 25).
- A moving company fraudulently billed the government for contract moves. Two company officials pled guilty to mail fraud and were sentenced to probation and ordered to pay restitution (page 25).
- An individual who represented himself as a GSA employee pled guilty to mail fraud, interstate transportation of fraudulently obtained property, and aiding and abetting (page 25).
- A GSA employee resigned his position as a transportation operations specialist and subsequently pled guilty to theft of government funds (page 26).
- Two individuals pled guilty to defrauding other persons through the use of stolen credit cards, including GSA charge cards (page 26).
- An individual was convicted of identity theft after a GSA employee reported that her personal identifiers, such as date of birth, social security number, and address, were used to commit a crime (page 27).

### ***Summary of Results***

The OIG made over \$142 million in financial recommendations to better use government funds; made 215 referrals for criminal prosecution, civil litigation, and administrative actions; reviewed 301 legislative and regulatory actions; and received 1,008 Hotline calls and letters. For FY 2002 as a whole, we achieved savings from management decisions on financial recommendations and investigative recoveries totaling over \$242 million. (See page v for a complete summary of this period's performance.)





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## OIG Profile

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*The GSA OIG was established on October 1, 1978 as one of the original 12 OIGs created by the Inspector General Act of 1978. The OIG's five components work together to perform the missions mandated by Congress.*

### **Organization**

The OIG provides nationwide coverage of GSA programs and activities. Our components include:

- **The Office of Audits**, an evaluative unit staffed with auditors and analysts who provide comprehensive coverage of GSA operations through program performance reviews, assessment of management controls, and financial and compliance audits. The office also conducts external reviews in support of GSA contracting officials to ensure fair contract prices and adherence to contract terms and conditions. The office additionally provides research, benchmarking, and other services to assist Agency managers in evaluating and improving their programs.
- **The Office of Investigations**, an investigative unit that manages a nationwide program to prevent and detect illegal and/or improper activities involving GSA programs, operations, and personnel.
- **The Office of Counsel**, an in-house legal staff that provides legal advice and assistance to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, and manages the OIG legislative/regulatory review and Congressional liaison functions.
- **The Internal Evaluation Staff**, an analytical staff that provides coverage of OIG operations primarily through management assessments, and conducts criminal and non-criminal investigations and sensitive reviews at the direction of the Inspector General.
- **The Office of Administration**, an in-house staff that provides information technology systems, budgetary, administrative, personnel, and communications services.

### **Office Locations**

The OIG is headquartered in Washington, D.C., at GSA's National Office Building. Field audit and investigation offices are maintained in Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, Fort Worth, San Francisco, and Washington, D.C. Sub-offices are also maintained in Auburn and Cleveland.

### **Staffing and Budget**

As of September 30, 2002, our on-board strength was 291 employees. The OIG's Fiscal Year (FY) 2002 budget was \$36.3 million.

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## Management Challenges

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*Each year since 1998, we have identified and shared with Congress and senior management what we believe to be the major challenges facing the Agency. This period we continued our work in addressing these challenges, making recommendations, and working with management to improve Agency operations. The following sections highlight our activities in some of these areas.*

### **Protection of Federal Facilities and Personnel**

*Providing a safe, healthful, and secure environment for over 1 million workers and the visitors to over 8,300 owned and leased Federal facilities nationwide is a major multifaceted responsibility of GSA. In recent years, the increased risks from terrorism have greatly expanded the range of vulnerabilities traditionally faced by building operations personnel. The complexities involved in establishing a broadly integrated safety/security program — and the importance of these issues — make this a major challenge.*

#### **Security in Federal Facilities**

The OIG has been continuously involved in the assessment of the physical security program managed by GSA's Federal Protective Service (FPS). We have supported the Agency in its efforts to implement new security standards developed after Oklahoma City, by performing, in a systematic manner, detailed reviews of the major elements of the overall security program. To date, we have issued more than 25 audit and special alert reports recommending improvements in all aspects of the physical security program.

While we have seen substantial improvements in the overall security program since we started our evaluation work, both we and GSA management are aware that the program still faces many challenges — challenges that have been greatly expanded in nature and dimension by recent terrorists events.

In October 2001, the Inspector General and the GSA Administrator agreed that the most meaningful way that the OIG could assist GSA would be for our office to expeditiously conduct a nationwide review of the operational readiness of building security systems. In the last semiannual report, we highlighted our review on the operational status of security equipment countermeasures installed at Federal facilities by the FPS. This period, we completed a review of the Contract Guard Program to update the status of management's ongoing implementation of recommendations contained in a previous audit report.

The President's proposal to establish the Department of Homeland Security (DHS) includes the transfer of FPS to the new department. While the proposed legislation is still before the Congress, we prepared a

**Over 25 reports issued that address physical security in Federal buildings.**

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## Management Challenges

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### ***Protection of Federal Facilities and Personnel (continued)***

transition paper to discuss critical operational issues facing GSA and the Department of Homeland Security with the proposed transfer of FPS. Finally, we conducted a review of security background checks.

### **Contract Guard Program**

The second phase of our nationwide review addressed the operation of the Contract Guard Program. FPS uses approximately 7,000 contract guards in and around Federal buildings as an integral part of GSA's security program to help ensure the physical safety of government employees and building visitors. The guards are deployed at roving and fixed posts, where they often operate security-screening devices such as magnetometers and X-ray machines. With annual obligations of about \$144 million, contract guard services represent the single largest item in the overall FPS operating budget. Our prior audit of the guard program issued in March 2000 reported significant deficiencies.

Management has been implementing measures to address the recommendations contained in our report. However, in our follow-up report issued August 29, 2002, we noted that while management has made some improvements, the Contract Guard Program continues to experience shortcomings in performance:

- guards on post without valid background suitability determinations;
- guards lacking training to perform their duties;
- armed guards on post without valid firearm qualifications; and
- guards without weapons stationed at designated armed posts.

These deficiencies remain despite Central Office measures to strengthen the Contract Guard Program by establishing minimum training standards and national certification guidelines for all GSA guard contracts. The primary cause continues to be inconsistent and inadequate regional oversight and a lack of effective contract enforcement.

### **President Bush Proposes to Transfer the Federal Protective Service to the Homeland Security Administration**

On June 6, 2002, President Bush proposed the creation of a new cabinet-level Department of Homeland Security (DHS). The President proposed transferring FPS to the Border and Transportation Division of the new

***While there have been some improvements, inconsistent and inadequate oversight of the Contract Guard Program remains an issue.***

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## Management Challenges

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***Critical operational issues need to be addressed with the proposed transfer of the Federal Protective Service to the Department of Homeland Security.***

### ***Protection of Federal Facilities and Personnel (continued)***

Department. In anticipation of that transfer, we prepared a report summarizing critical operational issues identified in numerous past OIG reports, as well as forward looking issues impacting GSA and the proposed DHS. Some of these issues include:

#### **Building Security System Operations and Implementation**

- Inventory of security screening devices may not be accurate.
- There is no nationwide plan to address equipment obsolescence.
- Installation of shatter resistant material, such as Mylar film, on all exterior windows is a slow process due to extremely high cost. PBS currently manages this initiative.
- Will GSA or DHS be responsible for installing and maintaining capital equipment, e.g., physical barrier and access systems and security cameras, that must be tied into building electrical and mechanical systems and conform to applicable building codes?

#### **Contract Guard Program**

- Guard services program weaknesses need to be addressed.
- FPS may need to confirm validity of work permits since GSA contracting officers can allow a legal resident alien to work under a contract, a practice that might not be acceptable under DHS.
- According to a GSA official, FPS intends to use a Transportation Security Administration (TSA) contractor to train guards who operate magnetometers and x-ray screening devices. Current FPS training requirements are less stringent than TSA requirements.

#### **Intelligence Sharing and Law Enforcement Concerns**

- FPS Criminal investigators participate in the FBI's Joint Terrorism Task Force, ensuring that GSA is promptly notified of threats to buildings it controls. How will this critical liaison continue?
- Will DHS inherit GSA's legal jurisdiction to enforce Federal laws and building rules and regulations on GSA-controlled property? Will FPS still address thefts and similar crimes at GSA-controlled property, including leased locations? In the past, some local law enforcement authorities have been reluctant to investigate incidents occurring on government property.

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## Management Challenges

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### ***Protection of Federal Facilities and Personnel (continued)***

#### **General Concerns**

- GSA will have to identify an alternative means for conducting background suitability checks for child care workers and contract employees.
- DHS will have to establish means for recovering security costs. The Public Buildings Service (PBS) currently subsidizes security through the Federal Building Fund. OMB limits the rate PBS can charge in the rent cost. In FY 2001, the shortfall was about \$69 million.
- FPS is GSA's Building Security Committee representative to coordinate security enhancements in its buildings. FPS' departure will require GSA to appoint additional representatives to each building committee.
- Substantial personnel resources are needed to maintain the high degree of coordination and cooperation with building operations personnel, tenant agencies, community groups, local officials, and various architectural, environmental and historic preservation organizations.

#### **Security Clearance Process for Contractor Personnel**

GSA policy requires that all employees of contractors successfully undergo a limited background suitability check to work in GSA-controlled buildings. In addition to security guards, this includes staff in child care centers, employees of janitorial and maintenance contractors, and contractors working on GSA's computer information systems, in particular, GSA's electronic mail system.

In separate audits performed in several regions, we found that a significant number of contract employees did not have proper security clearances.

- In one region, 33 percent of our sampled records had no background checks in part because the contracting officers had not included the requirement in the contracts.
- In another region, 101 (64 percent of our sample) of the contract employees did not have proper clearances. This occurred because the region, (1) lacked controls to ensure that it received clearance information from contractors in order for background checks to be performed, and (2) did not maintain adequate records of the clearance status for each contractor employee.

***A significant number of contract employees and private sector personnel who work in GSA-controlled space do not have proper security clearances.***

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## **Management Challenges**

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### ***Protection of Federal Facilities and Personnel (continued)***

- None of the seven contractors who operate GSA's e-mail system have had any background or security investigation performed. Although GSA's IT security policy requires that all persons accessing sensitive computer systems undergo background investigations, the requirement was not added to specific task orders.
- Contracting Officer Representatives have neither ensured that companies requiring access to sensitive areas of some Federal buildings provide current lists of their employees who will access the building, nor that the employees coordinate the site visits with facilities managers to ensure that only authorized individuals receive access.
- Many vendor employees in a Federal building did not complete the pre-employment security clearance process. The employees continued to work using expired temporary identification badges.

The widespread frequency of GSA managers not ensuring that contract employees have proper clearances creates another security risk.

Our reports recommended that background checks be obtained for contract employees and employees of companies leasing Federal building space from GSA, and that where necessary contracts or task orders be amended to incorporate the requirement.

GSA management has made significant progress in addressing the issues included in our prior audit reports and remains focused on efforts to improve the safety and security of Federal employees and property. We continue to work closely with management to assist them in better achieving their goals.

### ***Management Controls***

*Multiple management controls and extensive supervisory reviews have been replaced, through streamlining efforts, by fewer and broader controls, making it essential that the remaining control processes be emphasized and consistently followed. Streamlined processes have helped GSA achieve its goal of serving customers quicker and more efficiently, however, the Agency is exposed to the risk of abuse and mismanagement if program officials do not ensure the faithful application of existing safeguards.*

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## **Management Challenges**

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### **Management Controls (continued)**

#### **Employee Awards Program**

In conjunction with the nationwide implementation of a “pass/fail” performance appraisal system, GSA incorporated an employee award systems application that seeks to recognize specific acts at the time of their occurrence rather than adhering to the past practice of tying rewards to the annual rating process. In keeping with the trend toward streamlining operations and empowering employees, GSA eliminated the requirement of multiple approval layers traditionally needed to issue cash and time-off awards. With regard to cash awards up to \$5,000, the designated approving official has sole responsibility for approving and documenting the award; there is no requirement for review by a higher-level official. Under the GSA Awards Program, cash awards are processed through FEDdesk, an automated platform where designated officials electronically approve awards using password protected authorization procedures. Awards documentation, which is required, is to be maintained either electronically in the FEDdesk platform or physically by the approving official.

This period, the OIG reviewed the policies, procedures, and operations of the GSA Awards Program. We found that significant weaknesses existed. For the 20 months reviewed, GSA officials authorized 80,854 awards totaling almost \$55 million in cash as well as 11,345 hours in time-off awards. While most awards were supported, there were substantial problems. Examination revealed that 49 employees received 20 or more awards; 34 employees received awards totaling more than \$20,000; 675 employees received awards exceeding \$10,000; and four employees received awards adding up to more than \$5,000 each when the approving officials split the awards into separate transactions to avoid exceeding the limitation. The Administrator must approve awards of more than \$5,000. Due to the frequency of award overuse, inappropriate salary augmentation associated with repetitive awards to the same individuals, and disregard for approval authorities, we reported that existing controls were ineffective.

**Significant weaknesses, ineffective controls found in the GSA Awards Program.**

Other areas of concern included instances where officials approved awards for themselves as part of a group of employees receiving an award, employees were granted awards based upon fees that GSA was charging client agencies, and nonsupervisory personnel were inappropriately delegated authority. We also found instances of employees abusing the awards program in one region where peer-to-peer awards had been authorized. Finally, our review paralleled findings of the Office of Personnel Management’s quadrennial review of human resources, including the awards program, reporting that required award documentation was not always prepared and maintained.

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## Management Challenges

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### **Management Controls (continued)**

Our August 5, 2002 report noted that GSA management had taken many proactive actions, including the re-certification of all approving officials by the Heads of Service and Staff Offices and Regional Administrators and, at the direction of the Administrator, a study of the awards program to assess the nature of the program as well as its monetary impact. Changes have also been made to preclude officials from making awards to themselves when authorizing group awards. The report also recommended that the Chief People Officer: develop guidance requiring periodic reviews by management officials of the justification and nature of awards, identify the minimum level of authority required to make awards, and disseminate “best-practice” procedures to better ensure the integrity of peer-to-peer award programs.

### **Billing and Payment Systems**

GSA provides a variety of goods and services to nearly every department in the Federal Government and, as a result, interacts extensively with Federal entities and contractors using a myriad of collection and payment processes. In previous semiannual reports, we have addressed many of the challenges facing the Agency when processing financially-related transactions for GSA’s rapidly expanding and increasingly complex government programs. While GSA has been aggressive in seeking to simplify and improve processes and at the same time enhance relationships with its contractors and clients, the OIG continues its efforts to ensure government resources and funds are adequately protected and financial systems are efficient and effective.

**FTS2001 Billings.** This period the OIG surveyed customer agencies regarding the Internet-based FTS2001 billing system that gives customer agencies direct access to detailed billing records for long-distance voice and data telecommunications, international direct dialing, and wireless communication services. Our review disclosed that the Federal Technology Service (FTS) could improve billing processes and customer relationships by maintaining accurate and complete client information. FTS does not have valid e-mail addresses for 50 percent of the FTS2001 users, effectively preventing it from readily contacting users regarding billing system issues and solutions. In addition, billing issues and inquiries were not being tracked by FTS, so we were unable to determine if follow-up actions were being taken in a timely manner and systemic issues were being communicated to users. The report recommended that FTS maintain valid contact information for registered users, and track billing and other issues, such as system improvement efforts, to assure timely and effective user follow-up.

***With more accurate client information, FTS can promptly address billing system issues and improve customer relations.***

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## Management Challenges

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### **Management Controls (continued)**

**Other Control Reviews.** The OIG also completed three other reviews during the period involving controls over recovery audit contracts, reimbursable work authorization billings, and purchase card payments.

- Review of the administrative controls used to ensure that the recovery auditing services program adequately addresses the identification and recovery of overpayments disclosed that GSA initially restricted the recovery contractor's access to records, thereby limiting potential recoveries. With over \$5 billion of payment history files to review, overpayment recoveries could significantly increase. In addition, GSA was not capturing the costs associated with the contract that can be reimbursed from funds collected under the program as authorized by recent legislation.
- The second review revealed that control processes could be relied upon for processing accurate and timely reimbursable work authorization billings between GSA and other Federal agencies; however, the need for better estimated cost information and tracking was identified.
- In the third review, we found that the controls over the issuance, maintenance, and use of purchase cards for two regional service activities were adequate to ensure compliance with regulations and safeguard resources from misuse.

OIG recommendations focused on improving program operations.

### **Contract Administration**

Once a contract has been awarded, it becomes the responsibility of the contracting officer or representative to ensure that the contractors are adhering to the terms and conditions they agreed to, that the products and services we contract for and pay for are being provided, that they are of the quality agreed to, and that they are timely. Recently, we have noticed that contract administration issues are more frequently being raised in our audits. While these types of conditions may not be new, there exists a trend that, if it continues to increase, could lead to significant problems. With the recent emphasis on using contractors to perform many of the functions now provided by government employees, the importance of contract administration will grow considerably. Understandably, if the weaknesses exist now, GSA needs to undertake corrective measures before the workload increases.

**Regional Property Management Center.** Property Management Centers (PMCs) fulfill the building services needs and requests of

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## Management Challenges

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### **Management Controls (continued)**

government agencies that occupy space in GSA-leased and -owned properties. Activities generally include procurement, asset management, and contract and lease administration. In our review of a regional PMC, we concluded that management did not always exercise prudent and sound business judgment, and adhere to applicable laws, regulations, or established policy and procedures when making procurements. In addition, Center personnel did not effectively perform their contract administration duties to ensure that the quality and quantities of goods and services received were what the government had contracted and paid for.

**Controls over service contracts were either ineffective or did not exist.**

Our review revealed that controls over service contracts were either ineffective or did not exist. Our examination of 17 performance-based service contracts found that the contractors did not develop or implement required quality control programs to assure that essential contract requirements were met. More importantly, the PMC did not have a quality surveillance plan in place to ensure that operation and maintenance, janitorial, and elevator service contractors were meeting their critical responsibilities.

A review of procurement-related activities showed that PMC officials contracted for food service concessions without determining that the contracts would be self-supporting, without obtaining profit and loss statements and evidence of liability insurance, and without including requirements for contractor employee security clearances. The PMC also improperly used about \$145,000 of construction funds and license revenues to procure systems furniture, appliances, and a 125-gallon aquarium. Finally, we noted that 14 of the 43 construction projects reviewed were delivered at least 1 month late, yet the PMC did not assess liquidated damages as provided for under the contracts. Other procurement files did not have final inspection reports or estimated completion dates necessary to determine whether the work was performed in accordance with the contract specifications. The OIG made several recommendations for improving PMC operations and strengthening controls over current procedures. We also suggested counseling/disciplining of officials responsible for misuse of government funds and for not performing their duties.

**Regional Administration of Guard Service Contracts.** In one region, management officials certified payments for guard services without adequate assurance that supporting documents had been properly prepared by the contractor, and collected and reviewed by the program staff. Management relies on GSA Form 139, Record of Time of Arrival and Departure from Buildings, as a primary control to assure

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## Management Challenges

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### ***Management Controls (continued)***

that the contracted services have been provided. For each post being staffed, the contract guards are to sign in and sign out, on a daily basis, using a Form 139 as a means of documenting services being provided.

The contract administration staff did not routinely review the Form 139. In our sample of 49 payment transactions, almost half, valued at \$617,167 were not supported. Some transactions were partially supported, and only 17 were fully supported. By reviewing the Form 139 files for the supported transactions, we noted a large number of instances where guards had not signed in or out as required, indicating that the posts were not staffed, yet no deduction was taken. We estimate these to be worth over \$44,000. We also observed significant alterations on the forms (such as cross-outs, whiteouts, and out of sequence and superimposed entries), yet did not find any government request for explanations nor payment deductions taken.

This condition occurred because contract administration responsibilities had not been clearly delineated, and written procedures had not been issued. In our September 30, 2002 report, we recommended that management establish written procedures to delineate job descriptions for processing guard service payments; establish procedures to ensure that Form 139 files are collected from the guard posts, logged upon receipt, and reviewed in a timely manner prior to payment approval; and analyze those cases identified in our review where the Form 139 files indicated unguarded posts and initiate recovery action where appropriate.

In another region, we found the opposite situation existed for contract payments. Contractors were not being timely paid in part because the region was too overworked/understaffed to review the Form 139 files and officials would not certify invoices for payment until Form 139 files were reviewed. During our fieldwork, we confirmed that GSA's overdue payments totaled about \$1.9 million, and that it took an average of 49 and 79 days for invoices to be paid for fixed guard posts and temporary guard posts respectively. Previously, a guard service contractor claimed to be in danger of fiscal collapse since GSA owed \$1.5 million, as of February 2001. The OIG confirmed in September 2001 that, despite two substantial payments, GSA still owed this contractor \$594,000. As of September 30, 2002, the contractor had not yet been paid the entire overdue amount.

We found that part of the problem for untimely payments was caused by Contracting Officer Representatives (CORs) ordering additional guard services without following the approval process. Not only does

***In one region,  
guard contractors  
are paid without  
proper assurances  
and, in another  
region,  
contractors are  
not timely paid.***

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## Management Challenges

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### ***Management Controls (continued)***

this delay payment to contractors because necessary budget and accounting documentation has not been obtained prior to invoices being submitted, but also the CORs are committing funding without budget or contracting officer approval.

We also noted that most of the guard service contracts in this region had expired but have been extended several times. This indicates poor planning on the part of the Agency for failing to have a replacement contract ready before a current contract expires. This practice increases procurement costs and can cause a breakdown in contract administration.

We benchmarked this region with another GSA region and offered suggestions to management as to how service might be improved. We recommended that the region centralize the function for ordering additional guard services; establish standard operating procedures setting forth the duties and responsibilities of those involved in the process; train appropriate personnel on the ordering process for additional guard services; and conduct further benchmarking to reduce the time for verifying hours worked and paying contractors for services performed.

**PBS Outleasing Program.** When space in GSA-controlled properties is not needed to house Federal agencies, and disposal is neither practical nor prudent, GSA can outlease the space to the public. In one region, 29 outleases generated annual revenues of over \$1.1 million. The OIG reviewed outleases to determine if the contract files included sufficient support for the negotiated rental rates, if the lessees paid the correct monthly rental rate promptly, and if the leases were being managed in accordance with their terms and conditions. We reviewed three leases for space in Federal buildings and four leases for antenna sites in the region.

We concluded that, with one exception, contract files supported the negotiated rental rates and that lessees promptly paid the correct monthly rents. In the exception case, the annual rent charge for a relatively small amount of space was reduced about 90 percent below market rate. While the GSA Administrator has the authority to grant rent relief in certain situations, that authority has not been delegated to anyone below the PBS Commissioner. The contract files did not contain evidence that the PBS Commissioner had approved the rent concession. Although the current contracting officer was not involved in the original agreement, we believe he recently exceeded his authority by negotiating a new 3-year agreement for the space with the same lessee at rates below market without the Commissioner's approval.

***Outleasing rental rates were properly supported except in one case where below market rates were extended without approval.***

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## Management Challenges

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### **Management Controls (continued)**

In reviewing the antenna site leases, we saw that lessees' representatives gained access to antenna sites without first coordinating the visit with GSA property managers. Personnel who were not pre-approved had access to the sites as well as other secure parts of buildings, creating potential security risks. We recommended that contracting officers designate representatives to improve security awareness for those involved with antenna site leases, to coordinate antenna site access for approved personnel, and to ensure unauthorized individuals do not gain access to the site. We also noted that one lessee had not installed a separate electric meter as required and should reimburse GSA the cost of electricity used since November 1999.

While the Regional Administrator agreed with most of our report recommendations, he stated that it is within the discretion of the contracting officer to charge other than prevailing rent rates. However, his position was based on an outdated policy. Regional officials are still reviewing this matter.

**Contract Improperly Terminated.** We received a complaint from a guard service contractor whose contract was terminated before it started because the contractor was unable to get weapons permits in the days immediately following September 11, 2001. After reviewing the complaint, we concluded that the contracting officer had terminated the contract without allowing the start-up period required by the contract and without providing sufficient time for the contractor to correct the deficiencies, i.e., no weapons permits. In addition, rather than extending the existing contract until permits could be obtained, the contracting officer renewed the existing contract at a significantly higher cost.

**Personal Property Donations.** GSA regional offices are required to conduct periodic reviews of the individual State Agencies for Surplus Property (SASP) located within their regions at least every 4 years to ensure that Federal surplus personal property donated to the SASPs is safeguarded and distributed to eligible donees.

As part of the Annual Audit Plan, the OIG reviewed the Surplus Property Program in one region. We focused our review on the plan of operations agreed to between GSA and one of the four SASPs located in this region. During FY 2000 and 2001, this SASP had donated property with acquisition cost exceeding \$21 million. We noted that while the SASP's procedures for acquiring, storing, and distributing

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## Management Challenges

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### **Management Controls (continued)**

property are acceptable, it needs to establish or improve its practices for accounting for inventory in its warehouses, updating donee eligibility files, requiring donees to sign receipts for property, and reporting cancellations to GSA.

Although we did not see any specific indications of misuse, this program area has been historically abused. GSA officials need to ensure that SASP reviews are conducted at least every 4 years as required by policy. We found that the last reviews of the four SASPs in this region occurred between April 1995 and January 1997.

### **Procurement Activities**

*GSA provides Federal agencies with products and services valued in the billions of dollars through various types of contracts. We conduct reviews of these activities to ensure that the taxpayers' interests are protected.*

#### **Procurements by a Regional Service Center**

The Federal Acquisition Regulation (FAR) requires that contracting officials provide file documentation that each step of the acquisition process is complete. In our review of a regional Service Center, we found that an unusually high staff turnover rate and a large number of inexperienced contracting officers were contributing factors where pricing was not adequately substantiated in the majority of contract files that we sampled. We were unable to locate critical documents that should have been present to support the awarded price, such as government estimates, price negotiation memoranda, best value determinations, and contractor's proposals. In addition, we could not determine the Agency's basis for proceeding with other than full and open competition and for selecting a contractor for a sole source procurement. Contracting officials' efforts did evidence their commitment to other aspects of the procurement process, such as customer satisfaction and timely contract award. We believe that ensuring fair and reasonable pricing would serve to benefit the overall acquisition program.

During our review, we also identified three procurement actions that require ratification by a contracting officer because program officials, not authorized to do so, made awards to three firms for various services valued between \$15,000 and \$30,000.

The Regional Administrator responded that action would be taken to ensure that the basis for informed decisions at each step of the acquisition process are contained in the contract files, especially those related to pricing. He also agreed that contracting officials will ratify the service procurements that were awarded by program officials, and he will

***High turnover rates and inexperienced staff are contributing to unsubstantiated pricing decisions.***

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## Management Challenges

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### ***Procurement Activities (continued)***

issue a reminder of the consequences of engaging in unauthorized contracting actions.

### **Contractor Responsibility Determinations**

Prior to awarding a contract, GSA contracting officers are required to determine whether prospective contractors have the skills and resources necessary to perform the work and if they have a satisfactory record of performance, integrity, and business ethics. The FAR specifies that contracts may be awarded only to responsible contractors. While the determination of responsibility is a judgment made by the contracting officer, the decision-making guidance in the FAR is very general.

At the end of FY 2001, GSA had over 9,000 Multiple Award Schedule (MAS) contracts in effect that enabled customer agencies to acquire over 4 million commercial products and services in an efficient and timely manner. Federal agencies rely on GSA to have evaluated prospective contractors to ensure they are responsible and capable of delivering products and services quickly and efficiently.

While GSA strives to ensure that prospective contractors are assessed against FAR responsibility standards, more can be done to help make the determinations more consistent, complete, and fully supported.

The OIG reviewed the responsibility determination process as part of its Annual Audit Plan. In the documents we reviewed we saw a wide range of support — from only affirmative statements (as mandated by FAR) to detailed descriptions of the decision-making rationale.

We believe GSA needs to focus on improving core analysis of relevant information, especially financial and performance, incorporating documentation to provide an audit trail of the contracting officer's rationale and specific information considered. Closer examination of contractor performance and responsibility reduces risk and can lead to greater customer confidence and satisfaction.

In our report, we recommended the Agency implement procedural guidance that clearly communicates standards in the application and evaluation of prospective contractor responsibility qualifications, including sufficient evidentiary support and decision-making rationale.

In response to our report, management issued guidance to all Federal Supply Service acquisition activities reminding contracting officers of the importance of documenting contractor responsibility determinations; the specific types of information to be considered; and the need that determinations be consistent, logically sound, clearly articulated, and fully supported.

***Contractor determinations can be improved by implementing guidance that clearly communicates responsibility standards.***

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## **Management Challenges**

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### **Information Technology**

*GSA is in the process of replacing a number of its old information systems in keeping with technological advances. Since GSA has had difficulty sharing usable data between systems, many of the new IT projects are designed to go beyond automating current business functions and create real change in the way that GSA does business. However, development of new GSA systems has typically been characterized by schedule delays and cost overruns, the need for frequent redesign, and a prolonged period of time in development.*

### **Information Security Program**

We performed an independent evaluation of GSA's Agency-wide information security program and controls as required by the Government Information Security Reform Act (GISRA). We reviewed GSA's Information Technology (IT) Capital Planning and Investment Control process, but focused our evaluation on security aspects of six major IT systems that support the operations of the GSA Services and Staff Offices. For these six systems, we generally found higher levels of security control in place than in the prior year's review. We also performed an independent evaluation of GSA's Plan of Actions and Milestones (POA&M), as directed by OMB, to determine if all 14 security weaknesses previously found were identified, and if the document is being used as a management tool to prioritize, track, and manage the Agency's efforts to close known security performance gaps.

The Chief Information Officer (CIO) administers all functions covered by GISRA. The GSA Administrator also appointed the CIO as the Critical Infrastructure Assurance Officer responsible for GSA's critical infrastructure, in accordance with Presidential Decision Directive 63. The effort was established to reduce the possibilities that terrorism or other attacks could shut down vital components of the American economy.

GSA established the IT Capital Planning and Investment Control (CPIC) policy and an IT governance structure to improve the process of managing information systems and to implement an accountability review. The process also facilitates the development of GSA's Capital Asset Plans and Justifications, submitted annually to OMB. For FY 2003 budget submissions, GSA submitted 41 Capital Asset Plans and Justifications to OMB, some of which OMB rejected for security weaknesses. For FY 2004 budget submissions, none have yet been submitted to OMB.

Six of the previously cited 14 weaknesses were characterized in the POA&M as having been corrected; however, we believe one was not

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## Management Challenges

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**Security for major GSA systems has improved but security plan weaknesses still need to be addressed.**

### **Information Technology (continued)**

sufficiently addressed. The POA&M indicated that a comprehensive assessment of the knowledge, skills, and abilities of the information system security professionals was conducted to address a specific weakness. However, we determined that the assessment did not include the following categories, as recommended by the National Institute of Standards and Technology:

- laws and regulations governing the management and use of IT within the Federal Government;
- security program requirements determining the establishment, implementation, and monitoring of the program within an organization; and
- system life cycle security addressing the nature of IT security that is needed throughout each phase of a system's life cycle.

Actions to correct the remaining eight weaknesses depend upon the completion of the revisions to GSA's IT Security Policy. We determined that the revised IT Security Policy needs to include the roles and responsibilities of the Senior Agency Information Security Official and the Security Division. We also determined that POA&Ms at the system level have not been completed and are not being used to prioritize, track, and manage GSA's efforts to close security performance gaps.

Our report was incorporated into GSA's GISRA report, which has been sent to OMB. The results of all reporting agencies will be provided by OMB to Congress.

### **FEDdesk's Online Services**

GSA's Finance Center provides accounting and financial services to GSA as well as 17 other Federal agencies. In 1994, the Finance Center developed the FEDdesk platform to provide easy online access for various administrative functions. The first developed FEDdesk application, Electronic Time and Attendance Management System (ETAMS), is used by all 18 organizations for their 24,000 employees. Finance added FEDdesk's Travel and Miscellaneous Reimbursement (TMR) application in 1997 to eliminate the paper process for authorizing and approving travel and miscellaneous expense vouchers. This was followed by the Awards application in 1998 to provide managers online access to initiate employee awards. A few agencies use the TMR in addition to ETAMS, and one agency plans to use all FEDdesk applications. The Labor Distribution application is currently being piloted

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## Management Challenges

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### *Information Technology (continued)*

as part of project cost accounting by capturing actual labor hours and associated costs for products and services.

While FEDdesk has been in operation for over 6 years, GSA has not completed a full risk assessment. This would assess the security requirements, customer needs, and operations. It would also help to ensure the integrity, reliability, and accuracy of the transactions that are processed through the interface. Moreover, such an assessment would help project managers design FEDdesk upgrades to meet new user requirements and implement new Federal-wide information processing and financial standards, which take effect over the next few years. This is especially true of the need for GSA to implement in FEDdesk appropriate electronic authentication technologies to verify and identify the sender and the integrity of the message.

On the operational side, most applications function well, but we identified two aspects that need improvement. Our testing found that the per diem reimbursement rate tables in the TMR module contained many rates that were not the current reimbursement amounts. These errors occurred in more than 10 percent of our test sample and clearly evidenced the need for FEDdesk personnel to take additional measures to keep the data tables current, accurate, and complete. We also suggested that additional controls be added to the ETAMS module to lower the risk of entry tampering.

FEDdesk relies on the Internet for day-to-day operations. It also accesses data, some of which is considered sensitive. ETAMS collects and stores employee personal data, such as social security numbers. We found that, overall, personal data was being adequately protected. However, official users of personal data were granted broader access to records than necessary to accomplish their tasks. In response to our access control testing, the Finance Center is taking action to limit access to this application. During the initial stages of our review, we found that GSA did not have a Disaster Recovery Plan for FEDdesk and that backup tapes, while stored offsite, were not located at an approved offsite facility. Subsequently, the Agency has arranged to store FEDdesk backup tapes at another secure Federal facility and has taken additional steps to ensure continuity of service should the main computer site be shut down.

The database administration service is provided by a contractor who develops, maintains, and administers all aspects of FEDdesk. Our review of the contract agreement disclosed that controls to ensure that data is protected and that an adequate audit trail is maintained. The contract only requires that a log for database activity be kept for 2 weeks. This

***While FEDdesk is over 6 years old, GSA has not completed a full risk assessment and does not have a Disaster Recovery Plan.***

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## **Management Challenges**

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### ***Information Technology (continued)***

may not be long enough to detect and correct security breaches. The contract also requires information on Internet Protocol address to be stored in the database for all failed logon attempts. We believe that successful logons also need to be stored in order to track security breaches back to the source.

Facility coordinators perform a wide range of basic administrative duties for FEDdesk, such as establishing new employees' access to FEDdesk, assigning access rights to users, and inputting user identifiers and preliminary passwords. Because these privileges make it possible for facility coordinators to assign themselves approving rights for any FEDdesk application, GSA needs to verify that each facility coordinator has the approval of their organizations.

In our August 30, 2002 report, we recommended that the Chief Financial Officer take action to:

- Complete a risk assessment and perform a post-implementation review or customer survey.
- Ensure sensitive data is protected.
- Validate Facility Coordinators and provide regular training and guidance.
- Implement and test appropriate access controls in the Awards component.
- Improve contract provisions that will better enable the detection of security breaches.

The audit is still in the resolution process.

### **Securing GSA's E-Mail System**

GSA's electronic mail system, Lotus NotesMail, is a component of the Agency's Nationwide Information Infrastructure (Infrastructure) and supports the Agency's mission by providing 14,000 GSA employees and 3,000 GSA contractors with network services that include the Internet and Intranet, e-mail, calendar and scheduling services, connectivity, and dial-in services.

The OIG included this review in its Annual Audit Plan because of security concerns. We are aware that other organizations have had computer viruses and unauthorized access impacting communications and services

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## Management Challenges

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### *Information Technology (continued)*

or compromising sensitive information. In our review, we determined that GSA has implemented effective firewall procedures to prevent viruses and block unwanted mail. However, we did note opportunities to improve e-mail security and controls. We reported that contractors, who currently work on the Infrastructure, did not undergo background or security investigations. We also found that GSA was not able to ensure that the 3,000 e-mail accounts are for bona-fide GSA contractors; 15 of the 120 accounts we sampled should have been deactivated.

We also noted that workstation access controls need to be strengthened to ensure basic security of the system. In particular, e-mail users do not have to periodically change their passwords, nor must the passwords contain complex characters. Also, users are not locked out after a number of failed logon attempts. Corrective measures have been developed and are being implemented.

GSA employees and contractors are relying more on e-mail as a primary means of communication. While e-mails are encrypted for internal messages, users with a need to send sensitive information to external customers and other Federal agencies cannot do so with encryption, since GSA's e-mail servers are not configured to encrypt e-mail messages that are sent outside of the Agency.

GSA's contingency plan for the Infrastructure considers all of its components critical in fulfilling its mission. The contingency plan, however, did not adequately address the actions the Chief Information Officer (CIO) would need to take to restore operability in the event the GSA National Office Building or equipment was heavily damaged or made inaccessible. The only backup server for the GSA National Office included in the plan could not handle the high volume of data generated. In addition, the plan does not require GSA regions to store backup data offsite, although some regions and the CIO are sending their backup data to an offsite location as an added security measure, in addition to performing nightly backups.

In our September 26, 2002 report, we recommended that the CIO obtain background investigations for contractors working on the Infrastructure; promptly delete e-mail access for all terminated contractors; require password aging; assess user requirements for secure communications with third parties; and improve contingency plans to restore operability in the event the GSA National Office Building is heavily damaged or inaccessible, and for storing backup data at an offsite location by GSA regions.

***GSA has effective firewalls to prevent viruses and block unwanted mail, but can improve e-mail security, access controls, and contingency planning.***

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## Management Challenges

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### **Human Capital**

*Like many Federal agencies, GSA has an aging workforce and faces significant potential loss of institutional knowledge in the coming years. Since 1993, GSA has been downsizing and has focused on restructuring its financial and business efforts. Much of the downsizing was accomplished through early retirement and buyout authority, and by filling job vacancies sparingly.*

*Congress and GAO have identified human capital management policies as a missing link in the government's performance management framework. GAO identified human capital planning and organizational alignment, leadership continuity and succession planning, and recruitment and retention of staff with the right skills as key areas needing attention.*

### **FAIR Act**

GSA has provided OMB an inventory of the activities performed by its employees since the inception of the Federal Activities Inventory Reform (FAIR) Act of 1998. The Act requires Federal agencies to annually identify any commercial activities they perform and consider these for competition with the private sector.

GSA was recognized as an early leader in the Act's implementation. Continued success however, depends on GSA's ability to inventory its activities with more accuracy and consistency. With the advent of the President's Management Agenda in FY 2002, competitive sourcing, a component of the FAIR Act, became a major initiative. GSA has been timely in reporting its annual inventory to OMB, however, we noted some problems. While the actual compilation of activities was left to the individual sub-elements of the Services and Staff Offices, GSA's guidance was considered general and informal and resulted in multiple interpretations on how activities were coded and reported. For example, though GSA guidance called for personnel with contract warrant authority (a major GSA activity) to be classified in the inventory as inherently governmental, two regions expanded upon this guidance by including as inherently governmental any employee that was connected to the acquisition process (e.g., contracting officer's technical representative) or any employee who held a Government purchase card.

In the current environment, the effect of overly subjective classification becomes readily apparent. Those who liberally code their activities as inherently governmental are less affected by the competitive sourcing requirement included in the President's Management Agenda. The competitive sourcing burden shifts, perhaps unfairly, to GSA's other components — those that classified their activities more strictly under the GSA guidance. Resolving these matters would favorably affect the

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## ***Management Challenges***

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### ***Human Capital (continued)***

strategy GSA uses for its competitive sourcing effort, and improve its ability to withstand challenge and appeal of the listed activities' classifications.

In our July 16, 2002 report, we provided GSA with helpful examples used by other Federal agencies to either realign their staffs or capture and disseminate data not only for the FAIR Act but also for the President's Management Agenda. We also recommended that the CFO formalize the way guidance is issued and that the guidance be Agency-specific. In addition, the CFO should develop an oversight process to review inventory data at all levels.

In response to our report, the Agency issued GSA-wide guidance to improve accuracy and consistency in the inventorying process. A competitive sourcing team reviewed each Service's inventory data, and a FAIR Act website that can be accessed by all GSA employees was developed. In addition, GSA's Administrator established a new organization, the Office of Performance Improvement, to oversee the development and execution of GSA's Competitive Sourcing Plan.

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## Promoting and Protecting Integrity

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*GSA is responsible for providing working space for almost one million Federal employees. The Agency also manages the transfer and disposal of excess and surplus real and personal property and operates a governmentwide service and supply system. To meet the needs of customer agencies, GSA contracts for billions of dollars worth of equipment, supplies, materials, and services each year. We conduct reviews and investigations in all these areas to ensure the integrity of the Agency's financial statements, programs, and operations and that the taxpayer's interests are protected. In addition to detecting problems in these GSA programs and operations, the OIG is responsible for initiating actions to prevent fraud, waste, and abuse and to promote economy and efficiency.*

### **Significant Criminal and Civil Actions**

#### **FPS Police Officers Falsify Police Reports**

Our Atlanta Investigations Field Office received allegations that Atlanta Federal police officers employed by GSA had falsified/altering police incident reports at the direction of their superior officers. Our investigation revealed that these falsified records were presented by the Atlanta Federal Protective Service (FPS) to Office of Personnel Management (OPM) officials.

Specifically, the FPS officers in Atlanta altered police reports to falsely show officers performing investigative activities in order to meet an OPM standard that required investigative duties to justify higher grade levels. GSA had previously made a decision to raise the pay grade of FPS officers nationwide, but OPM had required GSA to provide further support and justification before approving the decision. It was in the course of providing this justification that the Atlanta FPS officers provided falsified records.

On April 19, 2002, one supervisory officer entered into a plea agreement with the U.S. District Court for the Northern District of Georgia to altering police incident reports. He resigned from his position on June 26, 2002. A jury in the U.S. District Court, Northern District of Georgia found the other FPS supervisory officer guilty of criminal conspiracy to falsify police records. Sentencing for both officers is pending.

The prosecutors decided not to prosecute the subordinate police officers who altered the reports. Their conduct will be dealt with by administrative action.

**Two FPS  
supervisory police  
officers were  
convicted of  
falsifying/altering  
police incident  
reports.**

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## Promoting and Protecting Integrity

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### **Court Finds Construction Contractor Liable to Government for Nearly \$1.7 Million for Fraud Related to 8(a) Contractor Status**

The U.S. District Court for the Southern District of Texas entered judgment against Pi Construction Corporation (Pi) for \$1,690,000 on September 13, 2002. The Government had intervened in a *qui tam* False Claims Act lawsuit (a suit brought by a whistleblower on behalf of the government) alleging that Pi intentionally misrepresented its eligibility to participate as an 8(a) contractor. Section 8(a) of the Small Business Act aids businesses owned and controlled by socially and economically disadvantaged individuals. The government filed for summary judgment, and the court found that through its misrepresentations Pi diverted \$5.7 million away from entities who rightfully qualified as 8(a) contractors. The court assessed a civil penalty of \$10,000 for each of the 169 claims that Pi made to the government, for a total penalty of \$1,690,000. Pi had made three of the claims under GSA contracts, thereby making GSA's portion of the judgment \$30,000. GSA OIG and DoD Defense Criminal Investigative Service jointly investigated the underlying allegations.

### **GSA Construction Contractor Debarred Based on Criminal Fraud Convictions**

On August 20, 2002, AMEC Construction Management, Inc., formerly known as Morse Diesel International, Inc. (AMEC/MDI), a multinational provider of construction services, and AMEC, plc., its British parent company, were debarred for 1 year by GSA's Office of Acquisition Policy. The debarment prevents AMEC from receiving any new Federal contracts for 1 year from the date it was first proposed, February 20, 2002. The debarment was based on two criminal fraud convictions stemming from an OIG investigation of AMEC/MDI, for making false claims in connection with the submission of falsified invoices for bond premiums on two GSA construction projects.

On March 19, 2002, AMEC/MDI was convicted on a guilty plea of one count of Major Fraud Against the United States in connection with its GSA contract for the seismic and electrical upgrade of the United States Customs House in San Francisco, California. The criminal fraud involved providing GSA with an invoice for a bond premium that was falsely stamped "Paid," when MDI had not, in fact, at that time paid the premium. In conjunction with this conviction, AMEC/MDI paid a \$694,322 fine. On December 12, 2000, AMEC/MDI had pled guilty to one count of making a false claim against the government by submitting a false bond invoice relating to its construction contract for the Thomas F. Eagleton Courthouse in St. Louis, Missouri. As part of the plea agreement, AMEC/MDI paid a \$500,000 fine. A related civil fraud case against AMEC/MDI is currently being litigated by the Department of Justice in the U.S. Court of Federal Claims. That case includes fraud allegations against AMEC/MDI involving its GSA construction contracts for the

**Major  
construction  
company debarred  
for 1 year.**

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## ***Promoting and Protecting Integrity***

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U.S. Courthouse and Federal Building in Sacramento, the San Francisco Customs House, and the Eagleton Courthouse in St. Louis.

### **False Time Reporting by Temporary GSA Employees**

The OIG initiated an investigation after GSA management reported that two employees were filing false claims and reporting time irregularities. The investigation disclosed that three GSA temporary employees, assigned to a GSA building management office in New York, falsified their time cards and forged the signature of a GSA building management official in order to receive payments for overtime hours not worked nor authorized by management. The investigation revealed that the three temporary employees fraudulently claimed a total of 2,193 hours of overtime costing GSA in excess of \$64,000.

On December 5, 2001, the first employee pled guilty to theft of government funds and was sentenced to 3 years probation, 36 hours of community service, and ordered to pay restitution of \$15,055. On March 20, 2002, the second employee pled guilty to theft of government money and was sentenced to 3 years probation and ordered to pay restitution of \$32,109. On April 10, 2002, the third employee pled guilty to theft of government funds and was sentenced to 1 year probation and ordered to pay restitution of \$6,291.

### **Officials of Moving Company Sentenced for Mail Fraud**

We initiated an investigation after information was received that two moving company officials were submitting fraudulent weight tickets on government relocation contracts. The OIG's of the Department of Defense, the Department of Veteran Affairs, and GSA determined that the company was improperly billing for government contract moves. The investigation revealed that the company forged copies of inventories to show more items than were actually moved and then submitted fraudulent weight tickets to support the inflated inventories.

On March 4, 2002, pursuant to a plea agreement, one official pled guilty to mail fraud and was sentenced to 60 months probation and ordered to pay restitution of \$20,698. Previously on July 30, 2001, pursuant to a plea agreement, the other official had pled guilty to mail fraud and was sentenced to 60 months probation and ordered to pay restitution of \$18,550.

### **Fraudulently Obtained Property**

An OIG investigation was initiated when an employee of Suburban Business Products (SBP) reported that he had sold computers to an individual, who had represented himself as a GSA employee.

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## ***Promoting and Protecting Integrity***

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The investigation determined that the individual represented himself as a contract manager with "General Services, Regional Distribution Center" and stated that a payment of \$2,000 was required to make a bid. He styled his "Invitation to Bid" package to resemble that of GSA. The SBP employee submitted a bid to supply 20 computers along with a \$2,000 cashier's check assuming he was doing business with the Federal Government. After the SBP employee made several failed attempts to contact the individual regarding payment for the computers valued at \$37,940, he stopped payment on the cashier's check. Eventually, the individual returned 9 of the 20 computers to SBP.

On February 7, 2002, the individual pled guilty in U.S. District Court to mail fraud, interstate transportation of fraudulently obtained property, and aiding and abetting. Sentencing has been scheduled for November 15, 2002.

### **Theft of Government Funds**

An investigation was initiated when the owner of an automobile auction company reported to GSA that a check had been received in error. When the owner returned the check to GSA, it was alleged to have been negotiated by a GSA employee.

The investigation determined that a GSA employee schemed to defraud the government by falsifying invoices, misusing an accounting control log book, and forging the approving official's signature on documents in order to cause overpayments to three vendors, including the owner of the automobile auction company. The employee contacted the vendors and told them the payments were in error and requested a check made payable to him for the overpayment. He then deposited the checks in his own bank account.

On May 17, 2002, the GSA employee resigned his position as a transportation operations specialist and subsequently pled guilty to theft and conversion of Federal Government property. On September 10, 2002, he was sentenced to 3 months in a halfway house, 3 months home detention, 5 years probation, and ordered to pay restitution in the amount of \$26,645.

### **Misuse of Charge Card**

An OIG investigation was initiated when information was received from a GSA employee that fraudulent charges were made on a Government Citibank Visa IMPAC charge card. The investigation revealed that an individual and his brother purchased a stereo and numerous items using fraudulent identifications and credit cards, including GSA charge cards. The investigation also disclosed that a bank representative had electronically mailed sensitive data, including charge card numbers, to the individual's brother.

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## ***Promoting and Protecting Integrity***

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On April 24, 2002, agents of GSA OIG, the U.S. Secret Service, and the U.S. Postal Inspection Service arrested the individual for misuse of a credit card. On May 21, 2002, the bank representative was also arrested for misuse of a charge card. On June 13, 2002, the grand jury for the Southern District of New York indicted the individual, the bank representative, and the individual's brother for fraudulent use of charge cards. An arrest warrant was issued for the individual's brother, who voluntarily surrendered on October 17, 2002.

Subsequently, the bank representative and the individual pled guilty to defrauding other persons through the use of stolen charge card accounts. The bank representative is scheduled to be sentenced on November 1, 2002. A sentencing date has not been set for the individual.

### **Identity Theft**

The OIG initiated an investigation after a GSA employee reported that her personal identifiers, such as date of birth, social security number, and address were used to cash checks totaling approximately \$5,000. The investigation revealed that an individual wrote checks in the GSA employee's name.

On July 25, 2002, the individual was arrested for identity theft. On September 25, 2002, she pled guilty to identity theft and is scheduled to be sentenced on November 11, 2002.

### ***Integrity Awareness***

The OIG presents Integrity Awareness Briefings nationwide to educate GSA employees on their responsibilities for the prevention of fraud and abuse and to reinforce employees' roles in helping to ensure the integrity of Agency operations.

This period, we presented 22 briefings attended by 276 regional employees. These briefings explain the statutory mission of the OIG and the methods available for reporting suspected instances of wrongdoing. In addition, through case studies, the briefings make GSA employees aware of actual instances of fraud in GSA and other Federal agencies and thus help to prevent their recurrence. GSA employees are the first line of defense against fraud, abuse, and mismanagement. They are a valuable source of successful investigative information.

### ***Hotline***

The OIG Hotline provides an avenue for employees and other concerned citizens to report suspected wrongdoing. Hotline posters located in GSA-controlled buildings encourage employees to use the Hotline. We also developed and use our FraudNet Hotline platform to allow Internet

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## ***Promoting and Protecting Integrity***

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reporting of suspected wrongdoing. During this reporting period, we received 1,008 Hotline reports. Of these, 134 complaints warranted further GSA action, 13 warranted other agency action, and 861 did not warrant action.

### ***Significant Preaward and Other Audits***

The OIG's preaward audit program provides information to contracting officers for use in negotiating contracts. The pre-decisional, advisory nature of preaward audits distinguishes them from other audits. This program provides vital and current information to contracting officers, enabling them to significantly improve the government's negotiating position and to realize millions of dollars in savings on negotiated contracts. This period, the OIG performed preaward audits of 49 contracts with an estimated value of \$805 million. The audit reports contained \$142 million in financial recommendations.

Three of the more significant Multiple Award Schedule contracts we audited had projected governmentwide sales totaling \$604 million. The audit findings recommended that \$83 million in funds be put to better use. The audits disclosed that these vendors offered prices to GSA that were not as favorable as the prices other customers receive from these vendors.

We also audited several claims for increased costs. Three of the more significant projects audited contained proposed amounts totaling \$76 million, and recommended adjustments of \$46 million. Our audits of nine subcontractors on one construction project found that the claimed amounts were either overstated or not supported by the subcontractors' records. In our audits of a prime contractor and six subcontractors' claims for increased costs due to numerous changes and design defects, we adjusted labor and other costs because the claimed amounts were based on industry estimates rather than actual costs. In another audit of a delay claim, we advised the contracting officer that the subcontractors could not substantiate that the costs claimed were actually on the government project.

### ***Financial Statement Audit and Related Reviews***

With the passage of the Chief Financial Officers Act of 1990, the Congress, through legislation, and the Office of Management and Budget, through management circulars and bulletins, have established a framework of financial audits and reviews designed to foster overall enhancement of the Federal Government's financial management and reporting practices. Summarized below are the results of financial and financially-related reviews that our office completed this period.

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## ***Promoting and Protecting Integrity***

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### **Financial Statement Audit for FY 2000 and FY 2001**

As in past years, this audit was performed by an independent public accounting (IPA) firm, with oversight, support work, and guidance provided by the OIG. One part of the audit focused on management's assertion that it maintained effective internal control over financial reporting for GSA's Consolidated and Combined Financial Statements for its primary revolving funds — the Federal Buildings Fund, the General Supply Fund, and the Information Technology Fund. The FY 2001 Management Letter that was issued to the Chief Financial Officer discussed the IPA's findings, recommendations, and suggestions for improving internal controls and other management issues that were observed during the FY 2001 financial statement audit. It identified four reportable conditions and no material weaknesses, as defined by established standards. The IPA reported that improvements are needed in:

- GSA entity-wide system security management and oversight;
- development, implementation, and change controls over GSA's system environment;
- controls over the integrity of rent data; and
- controls over the transfer of construction-in-process costs to the building account.

### **Internal Control Reviews**

The OIG, as part of the financial statement audit, performed internal control assessments of GSA's environmental liabilities and the financial reporting for the Federal Systems Integration and Management Center (FEDSIM).

State and Federal laws govern the cleanup of properties that contain environmental hazards. A number of buildings, structures, and properties owned or operated by GSA contain some type of environmental hazard that will eventually require environmental remediation. We reviewed the internal controls over the process GSA uses to identify and measure environmental liabilities for inclusion in the financial reports. In performing the audit, we obtained an understanding of the controls, assessed the control risk, and performed tests in order to determine whether the controls were effective. We found that internal controls appear to be operating effectively and efficiently in order to meet control objectives.

FEDSIM is one of three national Client Support Centers that help customer agencies acquire and use information systems and technology.

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## ***Promoting and Protecting Integrity***

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It focuses on large-scale acquisition management and support, large-scale systems integration projects, office systems support, software management, and data center management. Our review of the revenue and disbursement cycles found that internal controls appear to effectively and efficiently meet the desired control objectives.

### **Review of Payroll Operations**

As part of the financial statement audit, the OIG reviewed GSA's internal controls over the payroll function, which is performed at the National Payroll Center (NPC) located within the Heartland Finance Center. NPC uses the automated Payroll Accounting and Reporting System to process payroll for approximately 26,000 employees at a number of independent agencies, presidential commissions, and GSA. In our opinion, internal controls over the payroll functions are operating effectively and efficiently to meet control objectives. Our test also indicated that payroll information was being accurately transmitted to the Office of Personnel Management.

### ***Office of Special Counsel's Public Servant Award***

On June 26, 2002, the U.S. Office of Special Counsel (OSC), an independent Federal investigative and prosecutorial agency whose basic mission is to guard against prohibited personnel practices, with special emphasis on protecting government whistleblowers, announced its selection of Ms. Cindy L. Snyder, a former Administrative Assistant for Budget and Accounting at the National Capital Planning Commission (NCPC), as the third recipient of the Special Counsel's Public Servant Award. The Special Counsel provided the award to Ms. Snyder in recognition of the important whistleblower disclosures that she made to OSC concerning violations of law, rule, or regulation and financial mismanagement at the NCPC.

Ms. Snyder's disclosures to OSC triggered reviews by the Inspector General for GSA and a private accounting firm. Because the Commission does not have its own Inspector General, GSA's OIG periodically performs audits for it. The examinations revealed, among other things, significant financial mismanagement at NCPC, including violations of the Anti-Deficiency Act, a Federal law designed to ensure that agencies do not enter obligations or expend funds in excess of their appropriations.

As a result of Ms. Snyder's disclosures and the subsequent audits, the NCPC has implemented a wide variety of procedures to improve financial and budgetary accountability at the agency and to ensure that the procurement of printing services complies with the law. The NCPC also took disciplinary action against the Chief Operating Officer, whom the reports had identified as the party responsible for the majority of the violations.

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## ***Promoting and Protecting Integrity***

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In announcing the award, the Special Counsel observed that by coming forward to OSC to make her disclosures, Cindy Snyder made a real difference. Ms. Snyder's disclosures resulted in comprehensive reviews, which revealed significant violations of law as well as financial mismanagement. As a direct result of Ms. Snyder's whistleblowing there have been important reforms at NCPC, which we hope will help that agency maintain public trust and confidence in its operations in the future.

### ***Implementation Reviews***

Responsibility for implementing appropriate corrective action resulting from audit report recommendations rests with Agency management. The OIG performs, on a selective basis, independent reviews of the implementation actions to ensure that management is carrying out this responsibility according to established milestones. This period, the OIG performed two implementation reviews — one on recommendations in the December 19, 2000, Audit of Security Clearance Procedures for Child Care Center Employees and the other on the Review of General Services Administration Energy Conservation Program in the Greater Southwest Region, issued March 30, 2000. We found that implementation action was in accordance with management's action plan for all recommendations.

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## Governmentwide Policy Activities

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*On a continuing basis, we provide advice and assistance on governmentwide policy matters to the Agency, as well as to other Federal agencies and Committees of Congress, in many different forums, including particularly the President's Council on Integrity and Efficiency (PCIE). The PCIE was established by Executive Order to address governmentwide integrity, economy, and efficiency issues. In addition, as required by the Inspector General Act of 1978, we review existing and proposed legislation and regulations to determine their effect on the economy and efficiency of the Agency's programs and operations and on the prevention and detection of fraud and mismanagement. Because of the central management role of the Agency in shaping governmentwide policies and programs, most of the legislation and regulations reviewed invariably impact governmentwide issues in areas such as procurement, travel, and government management and information technology systems.*

### **Interagency Committees and Working Groups**

This period, we provided advice and assistance to OMB on various procurement policy issues, particularly in the area of time-and-materials or labor-hours and other services contracts. In addition, we participated on a number of interagency committees and working groups that deal with cross-cutting and governmentwide issues:

- The Inspector General (IG) serves on the Human Resources and Legislation Committees of the President's Council on Integrity and Efficiency (PCIE). The Human Resources Committee fosters educational opportunities for members of the IG community and assists in ensuring the professional development of OIG personnel. The Legislation Committee develops, coordinates, and represents to Congress official PCIE positions on particular legislative issues.
- In June 2002, the OIG hosted and organized the PCIE's Human Resources Committee's Government Charge Card training for approximately 190 IG professionals from across the Federal Government. The training covered the fundamentals of the three government charge card programs, an overview of current issues surrounding the management of the programs, and information on best practices for auditors and investigators looking at their agency's management of the programs.
- The Assistant Inspector General for Investigations serves as the Chair of the Assistant Inspectors General for Investigations Subcommittee. This subcommittee reports to the PCIE Investigative Committee. The subcommittee deals with investigative issues that affect all OIG Offices of Investigations, such as statutory law enforcement, peer review, and coordinated assistance to the Department of Justice.

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## *Governmentwide Policy Activities*

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- The Assistant Inspector General for Auditing represents all civilian government agencies on the Cost Accounting Standards Board, an independent board within OMB's Office of Federal Procurement Policy, which promulgates, amends, and revises Cost Accounting Standards designed to achieve uniformity and consistency in cost accounting practices by individual government contractors.
- The Counsel to the Inspector General has been participating on a working group sponsored by the Office of Federal Procurement Policy, part of OMB. At the request of the President to OMB, the working group is reviewing agency competition practices and how effectively they ensure access to government contracts.
- Our TeamMate Technical Support Group participates in the TeamMate Federal Users Group and the PricewaterhouseCoopers TeamMate Users Group to discuss concerns or new challenges facing TeamMate users. TeamMate is an automated audit paperwork management system that should make the audit process more efficient.
- OIG audit representatives participated in The President's Council on Integrity and Efficiency (PCIE) IT Roundtable to address specialized security training and overall IT security issues based on IT audits and GISRA.
- We participated in the Intergovernmental Information Security Audit Initiative, which is a joint project of the National State Auditors Association, the U.S. General Accounting Office, and Federal Inspectors General.
- In July 2002, GSA's Office of Governmentwide Policy convened a Governmentwide Per Diem Advisory Board composed of industry travel experts as well as public and private sector travel managers. The Board will review the current process and methodology used to establish the Federal per diem rates within the continental United States and will present recommendations for improvements to the process. The OIG has been providing support for the subcommittee that will recommend improvements to the per diem rate-setting process and/or methodology for meals, lodging, and incidental expenses. A second subcommittee will present recommendations for a nationwide government-lodging program. A report is due to GSA by December 2002.

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## Governmentwide Policy Activities

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### Legislation

During this period, the OIG reviewed 267 legislative matters and 34 proposed regulations and directives. The OIG addressed the following legislative items:

- *National Defense Authorization Act § 803 Implementation: Concerns Regarding Proliferation of Time-and-Materials/Labor-Hours Contracts.* We provided a letter on July 9, 2002, to the Office of Federal Procurement Policy and the GSA Administrator detailing our concerns regarding the use of time-and-materials or labor-hours (T&M/LH) task orders under GSA's Multiple Award Schedule (MAS) services contracts. Proposed language in the regulatory implementation of § 803 would have prohibited such T&M/LH task orders. These comments paralleled similar concerns we had relayed in the context of hearings the House Government Reform Committee, Technology and Procurement Policy Subcommittee held on a provision of H.R. 3832, the Services Acquisition Reform Act.

In the letter, we noted our concerns regarding the use of T&M/LH contracts. Generally, we noted our view that the risks presented by such vehicles — that the contractor has little profit incentive and has minimal responsibility for performance costs — are similar to those presented by pure cost type contracts. We, therefore, recommended that any use of these vehicles be accompanied by greater government oversight, including payment protections and audit authorities.

- *Amended Version of Services Acquisition Reform Act, H.R. 3832.* We provided comments on the amended version of H.R. 3832, the Services Acquisition Reform Act (SARA). We generally reiterated our prior concerns on the initial version of the SARA legislation. We noted that we were concerned that the bill would relax the definition of commercial items to include all commercial services, as well as any item sold by a company that qualified as a "commercial business entity." We also noted our concerns with SARA's apparent endorsement of the use of T&M/LH contracts to make services purchases.
- *GAO Report Comparing Ways Law Enforcement Authority is Granted to OIGs.* We provided comments to the PCIE, for incorporation into a unified OIG community response, on GAO's Report Comparing the Ways Law Enforcement Authority is granted to OIGs. The report compared the current deputation process through the U.S. Marshals Service to statutory law enforcement authorities conferred on three different OIGs, and concluded that the current deputation process afforded more oversight and coordination. Our comments questioned those conclusions, in large part, because we believe the oversight exercised by the Department of Justice under the current deputation

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## Governmentwide Policy Activities

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mechanism is more theoretical than practical. We noted our belief that a common statutory mechanism for all OIGs would provide for stronger coordination and oversight.

### Regulations

The OIG provided comments on the following proposed regulations:

- *Proposed GSA Order on the “Payment of Expenses to Obtain Professional Credentials.”* We provided comments to GSA on a draft order to provide policy and procedural guidance for GSA to pay for professional credentials so as to support its employees in professional achievements. We generally supported the Order but recommended a few changes. First, we suggested that the Order should not set Agency-wide standards for which occupations are to be covered. We noted that components should have some flexibility in selecting whether to pay for credentials based on work performed by that component. Second, we recommended that the Order should not provide for payment for membership fees in professional organizations, unless the membership is required to maintain credentials. Our concern was that payment of all membership fees, as seemingly envisioned by the Order, would result in high and unnecessary costs to the government. Third, we recommended that the Order should be broadened. As written, the Order allowed for payment of expenses related to professional credentials when the credential was required by the job position. We commented that the Order should also provide for payment when the professional credential would enhance on-the-job performance.
- *GSA Delegations of Authority Manual, Chapter 3, “Personnel Management Authorities.”* We provided comments on the proposed revisions to Chapter 3 of the GSA Delegations of Authority Manual, titled “Personnel Management Authorities.” We expressed our concerns with two items in the proposed revision: the authority to appoint applicants to Senior Executive Service (SES) positions, and the authority to administer the oath to be taken by officers and employees incident to their entrance on duty or other oaths required by law in connection with employment. The proposed revision restricted to the Chief People Officer the authority to appoint applicants to SES positions; we noted that this authority as regards SES positions within the OIG is vested by statute in the Inspector General. Similarly, the proposed revision restricted to the Chief People Officer the authority to administer oaths incident to employment; we pointed out that the OIG has a personnel function independent from that of the Agency, and that this function, which is also statutorily based, vests in the Inspector General the authority to administer employment-related oaths.

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## Professional Assistance Services

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*The General Accounting Office recently issued a revision to the independence standard contained in the Government Auditing Standards. This amendment prohibits Federal audit organizations from performing certain types of management consulting projects because they may call into question the independence of the auditors when performing subsequent audit work in the same area. Although our office, when working closely with GSA management, has always continued to maintain its independence, we ceased accepting consulting assignments and are carefully assessing other non-audit services to meet both the letter and the spirit of the new standard. We did provide some assistance services to GSA management and we continued our participation on Agency improvement task forces, committees, and working groups in an ex officio capacity.*

**Assistance Services.** These OIG services are designed to develop information useful to Agency managers who are responsible for making decisions and initiating program improvements. Typically, we identify benchmarks and analyze best practices used in both private industry and government agencies to determine if GSA is delivering comparable products and services as effectively as other provider entities. The reviews are usually initiated by the OIG, although management may request them as well, and the OIG staff always supervises the work. Our reports provide observations and conclusions, without recommending corrective actions. The following highlights one such review accomplished during this period:

**Household Goods Shipment Program.** The Centralized Household Goods Traffic Management Program (CHAMP) is a service that GSA, through the Federal Supply Service (FSS), provides Federal civilian agencies in shipping the household goods of employees who are being relocated. The scope of the program covers shipments to all 50 states, Guam, the Virgin Islands, Puerto Rico, and 156 foreign countries. For calendar year 2000, the program was used for approximately 13,600 moves; and for the first 6 months of calendar year 2001, approximately 6,200 moves.

We performed a best practices review comparing features and requirements of CHAMP to programs of two other Federal agencies and eight private sector firms in an effort to identify possible areas of improvement. While the overall mission/goals of all the programs were similar, we noted specific differences between how relocations are accomplished using CHAMP and the other programs. For example:

- Private sector firms use either in-house personnel or third party companies to manage all or part of the relocation function. Under CHAMP, the customer agency's transportation officer and/or the

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## Professional Assistance Services

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relocating employee are responsible for the move unless the transportation officer contracts with a third party firm (via FSS' Multiple Award Schedule) to manage the relocation.

- Private sector firms use a limited number of carriers, generally between three and six. GSA has approved 268 service providers for CHAMP.
- Most private sector firms use a standard rate discount regardless of the route. CHAMP providers typically bid different discounts depending on the route.

We also observed that because FSS personnel are not involved with the management of specific moves, GSA does not have good feedback on contractors' performance, does not know which agencies are using the program, and is not in a position to be aware of problems that might be occurring with the moves.

We noted that two other Federal agencies' move programs (one of which was a pilot project) had many of the same features as the private sector programs.

**Task Forces, Committees, and Working Groups.** The OIG provides advice and counsel to GSA while monitoring ongoing Agency initiatives. Our representatives advise management at the earliest possible opportunity of potential problems, help ensure that appropriate management controls are provided when installing new or modifying existing Agency systems, and offer possible solutions when addressing complex financial issues.

Our direct participation with the Agency on task forces, committees, and working groups allows us to contribute our expertise and advice, while improving our own familiarity with the Agency's rapidly changing systems. We also benefit by expanding our new initiatives within the Federal community. We nevertheless maintain our ability to independently audit and review programs. Our participation in the task forces is typically as a non-voting advisory member. We maintain a strict policy of excluding staff members who have served on developmental task forces from subsequent audits of the same subject areas.

Some areas in which we have been involved this period include:

- **Single Audit Activities.** The Single Audit Act established uniform entity-wide audit requirements for state and local governments receiving Federal awards. The non-Federal entities that receive

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## *Professional Assistance Services*

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Federal awards under more than one Federal program are required to undergo a single audit. Each Federal agency monitors the non-Federal entity's use of awards provided by the Agency and assesses the quality of the audits conducted relative to its program. The OIG monitors these activities as they relate to the personal property disposal program.

- **Chief Financial Officer's (CFO) Two Digit Trading Partner Codes.** The OIG has been monitoring the CFO's efforts to develop methodologies and follow prescribed business rules to enable reconciliation of receivables and payables between agencies that sell products and/or services, as mandated by OMB.
- **The Information Technology (IT) Council.** The Council monitors policies and programs to ensure IT consistency throughout the Agency. It is comprised of the Chief Information Officers of the various GSA Services and Staff Offices. Representatives of our office participate in meetings at the request of the Agency on such matters as systems controls, architecture, security, or new legislative requirements.
- **Federal Supply Service (FSS) Working Group.** FSS has convened a working group to address certain negotiations and audit issues that were the subject of an OIG special report issued last year entitled "Multiple Award Schedule Pricing Practices." The OIG is providing advice and assistance to FSS in its issuance of guidance to contracting officers and development of training initiatives on these issues.

## Statistical Summary of OIG Accomplishments

### **Audit Reports Issued**

The OIG issued 88 audit reports during this reporting period. The 88 reports contained financial recommendations totaling \$143,090,809, including \$142,001,646 in recommendations that funds be put to better use and \$1,089,163 in questioned costs. Due to GSA's mission of negotiating contracts for governmentwide supplies and services, most of the savings from recommendations that funds be put to better use would be applicable to other Federal agencies.

### **Management Decisions on Audit Reports**

Table 1 summarizes the status of the universe of audits requiring management decisions during this period, as well as the status of those audits as of September 30, 2002. Two reports more than 6 months old were awaiting management decisions as of September 30, 2002; both of them were preaward audits, issued before February 10, 1996, which are not subject to the 6-month management decision requirement. Table 1 does not include 3 reports issued to other agencies this period. Table 1 also does not include 6 reports excluded from the management decision process because they pertain to ongoing investigations.

**Table 1. Management Decisions on OIG Audits**

|   | No. of<br>Reports | Reports with<br>Financial<br>Recommendations | Total<br>Financial<br>Recommendations |
|---|-------------------|--|---------------------------------------|
| For which no management decision<br>had been made as of 4/1/02          |                   |  |                                       |
| Less than six months old  | 23                | 17   | \$ 49,662,562                         |
| Six or more months old  | 3                 | 2  | 205,223                               |
| Reports issued this period  | <u>85</u>         | <u>48</u>                                    | 139,376,926                           |
| <b>TOTAL</b>  | <b>111</b>        | <b>67</b>                                    | <b>\$189,244,711</b>                  |
| For which a management decision<br>was made during the reporting period |                   |  |                                       |
| Issued prior periods  | 24                | 18   | \$ 49,664,442                         |
| Issued current period   | <u>36</u>         | <u>13</u>                                    | <u>82,173,261</u>                     |
| <b>TOTAL</b>  | <b>60</b>         | <b>31</b>                                    | <b>\$131,837,703</b>                  |
| For which no management decision<br>had been made as of 9/30/02         |                   |  |                                       |
| Less than six months old  | 49                | 35   | \$ 57,203,665                         |
| Six or more months old  | <u>2</u>          | <u>1</u>                                     | <u>203,343</u>                        |
| <b>TOTAL</b>  | <b>51</b>         | <b>36</b>                                    | <b>\$ 57,407,008</b>                  |

## Statistical Summary of OIG Accomplishments

### **Management Decisions on Audit Reports with Financial Recommendations**

Tables 2 and 3 present the audits identified in Table 1 as containing financial recommendations by category (funds to be put to better use or questioned costs).

**Table 2. Management Decisions on OIG Audits with Recommendations that Funds be Put to Better Use**

|  | <u>No. of Reports</u> | <u>Financial Recommendations</u> |
|--|-----------------------|----------------------------------|
| For which no management decision had been made as of 4/1/02          |                       |                                  |
| Less than six months old   | 16                    | \$ 49,607,065                    |
| Six or more months old   | 1                     | 203,343                          |
| Reports issued this period   | <u>43</u>             | <u>138,287,763</u>               |
| <b>TOTAL</b>   | <b>60</b>             | <b>\$188,098,171</b>             |
| For which a management decision was made during the reporting period |                       |                                  |
| Recommendations agreed to by management based on proposed            |                       |                                  |
| •management action   | —                     | \$131,020,539                    |
| •legislative action  | —                     | —                                |
| Recommendations not agreed to by management                          | —                     | 0                                |
| <b>TOTAL</b>   | <b>27</b>             | <b>\$131,020,539</b>             |
| For which no management decision had been made as of 9/30/02         |                       |                                  |
| Less than six months old   | 32                    | \$ 56,874,289                    |
| Six or more months old   | 1                     | 203,343                          |
| <b>TOTAL</b>   | <b>33</b>             | <b>\$ 57,077,632</b>             |

## Statistical Summary of OIG Accomplishments

**Table 3. Management Decisions on OIG Audits  
with Questioned Costs**

|  | No. of<br>Reports | Questioned<br>Costs |
|--|-------------------|---------------------|
| For which no management decision<br>had been made as of 4/1/02             |                   |                     |
| Less than six months old   | 1                 | \$ 55,497           |
| Six or more months old   | 1                 | 1,880               |
| Reports issued this period   | 5                 | 1,089,163           |
| <b>TOTAL</b>   | <b>7</b>          | <b>\$1,146,540</b>  |
| For which a management decision<br>was made during the reporting<br>period |                   |                     |
| Disallowed costs   | —                 | \$ 799,608          |
| Costs not disallowed   | —                 | 17,556              |
| <b>TOTAL</b>   | <b>4</b>          | <b>\$ 817,164</b>   |
| For which no management decision<br>had been made as of 9/30/02            |                   |                     |
| Less than six months old   | 3                 | \$ 329,376          |
| Six or more months old   | 0                 | 0                   |
| <b>TOTAL</b>   | <b>3</b>          | <b>\$ 329,376</b>   |

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## Statistical Summary of OIG Accomplishments

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### ***Investigative Workload***

The OIG opened 95 investigative cases and closed 92 cases during this period. In addition, the OIG received and evaluated 56 complaints and allegations from sources other than the Hotline that involved GSA employees and programs. Based upon our analyses of these complaints and allegations, OIG investigations were not warranted.

### ***Referrals***

The OIG makes criminal referrals to the Department of Justice or other authorities for prosecutive consideration and civil referrals to the Civil Division of the Department of Justice or U.S. Attorneys for litigative consideration. The OIG also makes administrative referrals to GSA officials on certain cases disclosing wrongdoing on the part of GSA employees, contractors, or private individuals doing business with the government.

**Table 4. Summary of OIG Referrals**

| <b>Type of Referral</b> | <b>Cases</b> | <b>Subjects</b> |
|-------------------------|--------------|-----------------|
| Criminal                | 40           | 61              |
| Civil                   | 8            | 12              |
| Administrative          | 91           | 142             |
| <b>TOTAL</b>            | <b>139</b>   | <b>215</b>      |

In addition, the OIG made 13 referrals to GSA officials for information purposes only.

### ***Actions on OIG Referrals***

Based on these and prior referrals, 28 cases (43 subjects) were accepted for criminal prosecution and 6 cases (8 subjects) were accepted for civil litigation. Criminal cases originating from OIG referrals resulted in 23 indictments/informations and 19 successful prosecutions. OIG civil referrals resulted in 4 case settlements or judgments. Based on OIG administrative referrals, management debarred 33 contractors/individuals, suspended 11 contractors/individuals, and took 17 personnel actions against employees.

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## Statistical Summary of OIG Accomplishments

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### **Monetary Results**

Table 5 presents the amounts of fines, penalties, settlements, judgments, and restitutions payable to the U.S. Government as a result of criminal and civil actions arising from OIG referrals.

In addition, the OIG had administrative recoveries of \$1,347,033 during the course of its investigations and recovered property with a fair market value of \$150,952.

**Table 5. Criminal and Civil Recoveries**

|                           | <u>Criminal</u>    | <u>Civil</u>     |
|---------------------------|--------------------|------------------|
| Fines and Penalties       | \$ 34,172          | \$ —             |
| Settlements and Judgments | —                  | 192,345          |
| Restitutions              | 1,161,093          | —                |
| <b>TOTAL</b>              | <b>\$1,195,265</b> | <b>\$192,345</b> |



# ***APPENDICES***

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## **Appendix I—Significant Audits from Prior Reports**

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Under the Agency audit management decision process, the GSA Office of the Chief Financial Officer, Office of the Controller, is responsible for tracking the implementation of audit recommendations after a management decision has been reached. That office furnished the following status information.

Thirteen audits highlighted in prior reports to the Congress have not yet been fully implemented; all are being implemented in accordance with currently established milestones.

### **Use of the Occupancy Agreement**

*Period First Reported: October 1, 2001 to March 31, 2002*

The review examined rent billing records covered by Occupancy Agreements (OA). The report contained six recommendations; they have not been implemented.

The recommendations involve establishing and supporting the OA; considering an electronic signature requirement; measuring the time an OA remains in draft status; tracking the variance between OA projected rent and actual billed rent; including enough information on the OA to identify the space assigned; and providing OA coordination. They are scheduled for completion between October 15, 2002 and January 15, 2003.

### **The Federal Security Risk Manager Program**

*Period First Reported: October 1, 2001 to March 31, 2002*

The review focused on the first cycle of risk assessments in the Federal Security Risk Manager Program. The report contained five recommendations; they have not been implemented.

The recommendations involve revisiting the terminology and threat ratings; ensuring that security officials have sufficient guidance to address emerging threats; capturing information to ensure security database requirements are met; improving funding coordination; and addressing the Federal security risk manager flaws to make the threat assessment performance measure more meaningful. They are scheduled for completion between October 4, 2002 and April 15, 2003.

### **Desktop Program for Office Products**

*Period First Reported: October 1, 2001 to March 31, 2002*

The review focused on award contracts to the desktop program. The report contained one recommendation; it has not been implemented.

The recommendation involves having contracting officials obtain, analyze, and determine whether government sales data would help improve the desktop program. It is scheduled for completion by March 15, 2003.

### **Asbestos Management**

*Period First Reported: April 1, 2001 to September 30, 2001*

The review assessed the administrative aspects of asbestos management in one region. The report contained two recommendations; one has been implemented.

The remaining recommendation involves establishing management control techniques. It is scheduled for completion by January 15, 2003.

### **PBS' Fire Safety Risk Management**

*Period First Reported: April 1, 2001 to September 30, 2001*

The review evaluated fire safety risk management in PBS facilities. The report contained one recommendation; it has not been implemented.

The recommendation involves implementing a comprehensive fire safety management system. The recommendation is scheduled for completion by November 15, 2002.

### **Electronic Commerce Systems Security**

*Period First Reported: April 1, 2001 to September 30, 2001*

The review examined nine selected electronic commerce systems. The report contained four recommendations; they have not been implemented.

The recommendations include establishing a process for reviewing system security requirements; providing guidance to clarify GSA Order 2100.1; tasking appropriate Agency officials with responsibility for

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## **Appendix I—Significant Audits from Prior Reports**

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GSA's systems; and establishing a process to ensure responsibilities of key security personnel. The recommendations are scheduled for completion between December 15, 2002 and May 15, 2003.

### **Operating Equipment Inventories**

*Period First Reported: October 1, 2000 to March 31, 2001*

The review focused on equipment maintenance maintained by contractors. The report contained two recommendations; one has been implemented.

The remaining recommendation involves identifying the responsibility for maintenance programs to contractors. It is scheduled for completion by February 15, 2003.

### **Contract Security Guard Program**

*Period First Reported: October 1, 1999 to March 31, 2000*

The review assessed the Contract Security Guard Program. The report contained eight recommendations; six have been implemented.

The remaining recommendations include developing a national training program, and witnessing firearm qualification sessions and tracking qualification status of contract guards. They are scheduled for completion by November 15, 2002.

### **Real Property Management Information System**

*Period First Reported: October 1, 1999 to March 31, 2000*

The review evaluated the System for Tracking and Administering Real Property (STAR). The report contained four recommendations; one has been implemented.

The remaining recommendations include identifying capabilities needed in STAR, developing a

project plan, and establishing a project management team. They are scheduled for completion between July 15, 2003 and October 15, 2003.

### **Local Area Network Security Risks**

*Period First Reported: April 1, 1999 to September 30, 1999*

The review focused on the local area network (LAN) security. The report contained four recommendations; two have been implemented.

The remaining recommendations include establishing processes for managing accounts and contingency plans, and identifying controls for remote access to LANs. Both are scheduled for completion by May 15, 2003.

### **Security Standards for New Buildings**

*Period First Reported: October 1, 1998 to March 31, 1999*

The review evaluated security standards for new and renovated Federal buildings. The report contained two recommendations; one has been implemented.

The remaining recommendation involves creating security standards for newly acquired leased space. It is scheduled for completion by April 15, 2003.

### **Information Systems Security**

*Period First Reported: April 1, 1998 to September 30, 1998*

The review assessed the security measures of six major GSA Internet and Intranet applications. The report contained four recommendations; three have been implemented.

The remaining recommendation involves specifying roles and responsibilities to ensure security. It is scheduled for completion by February 15, 2003.

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## ***Appendix I—Significant Audits from Prior Reports***

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### ***Contract Workload Management***

*Period First Reported: October 1, 1997 to March 31, 1998*

The review identified opportunities for improving workload management. The report contained one recommendation; it has not been implemented.

The recommendation involves the need to automate key activities of the contracting process. It is scheduled for completion by April 15, 2003.

## *Appendix II—Audit Report Register*

| Date of Report  | Audit Number | Title  | Financial Recommendations     |                                |
|---|--------------|--|-------------------------------|--------------------------------|
|   |              |  | Funds to Be Put To Better Use | Questioned (Unsupported) Costs |
| <i>(Note: Because some audits pertain to contract award or actions that have not yet been completed, the financial recommendations to these reports are not listed in this Appendix.)</i> |              |  |                               |                                |
| <b>PBS Internal Audits</b>  |              |  |                               |                                |
| 05/23/02  | A020042      | Review of Complaint by NCLN20, Inc. Regarding Default of Contract Number GS05P01GCD0009                                      |                               |                                |
| 07/24/02  | A020107      | Survey of GSA's Support to FEMA  |                               |                                |
| 07/29/02  | A010258      | Review of Procurements Made by the Denver Federal Center Service Center  |                               |                                |
| 07/30/02  | A010184      | Audit of PBS' Outleasing Program, Great Lakes Region   |                               |                                |
| 08/13/02  | A020122      | Audit of Security Process for Contract Personnel in the National Capital Region  |                               |                                |
| 08/14/02  | A020121      | Review of Internal Controls over Environmental Liabilities   |                               |                                |
| 08/29/02  | A020092      | Follow-Up Review of the Federal Protective Service's Contract Guard Program  |                               |                                |
| 09/11/02  | A020215      | Operational Issues Impacting the Planned Transition of the Federal Protective Service to the Department of Homeland Security |                               |                                |
| 09/17/02  | A020057      | Audit of Southeast Sunbelt Region 4 Federal Protective Service's Guard Payment Procedures                                    |                               |                                |
| 09/18/02  | A020166      | Review of Procurements Made by the Kansas Property Management Center   |                               |                                |
| 09/27/02  | A020127      | Advisory Review of PBS's Usage of Energy Savings Performance Contracts   |                               |                                |

## *Appendix II–Audit Report Register*

| Date of Report | Audit Number | Title   | Financial Recommendations     |                                |
|----------------|--------------|---|-------------------------------|--------------------------------|
|                |              |   | Funds to Be Put To Better Use | Questioned (Unsupported) Costs |
| 09/30/02       | A010230      | Audit of the Public Buildings Service, Great Lakes Region, North Central States, Property Management Center |                               |                                |
| 09/30/02       | A020102      | Overview of Repair and Alterations Program  |                               |                                |
| 09/30/02       | A020056      | Audit of Controls Over Reimbursable Work Authorizations Billing Practices in the Greater Southwest Region   |                               |                                |
| 09/30/02       | A020083      | Audit of Guard Service Contracts, Federal Protective Service, Region 9                                      |                               |                                |

### ***PBS Contract Audits***

|          |         |   |  |  |
|----------|---------|---|--|--|
| 04/03/02 | A010263 | Preaward Audit of a Claim: Island ADC, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014     |  |  |
| 04/12/02 | A020129 | Audit of Claim for Increased Costs: Schweiger Construction Company, Contract Number GS-06P-96-GYD-0010                            |  |  |
| 04/18/02 | A010248 | Preaward Audit of a Claim: LBL Skysystems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014 |  |  |
| 04/29/02 | A010262 | Preaward Audit of a Claim: Coken Company, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014  |  |  |
| 04/29/02 | A020154 | Audit of Request for Equitable Adjustment: Control Systems International, Contract Number GS-04P-97-EXC-0015                      |  |  |
| 04/30/02 | A020101 | Preaward Audit of a Claim, Additional Change Items: Turner Construction Company, Contract Number GS-02P-95-DTC-0014               |  |  |

## *Appendix II—Audit Report Register*

| Date of Report | Audit Number | Title  | Financial Recommendations     |                                |
|----------------|--------------|--|-------------------------------|--------------------------------|
|                |              |  | Funds to Be Put To Better Use | Questioned (Unsupported) Costs |
| 05/16/02       | A020115      | Limited Scope Audit of a Termination Claim: Patriot Group Contractors, Inc., Contract Number GS-11P-99-MAC-0006  |                               |                                |
| 05/17/02       | A020125      | Audit of Acceleration Costs: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N   |                               |                                |
| 05/17/02       | A020134      | Audit of Delay Costs: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N  |                               |                                |
| 05/22/02       | A020157      | Audit of Request for Equitable Adjustment: William R. Nash, Inc., Contract Number GS-04P-97-EXC-0015   |                               |                                |
| 05/28/02       | A020158      | Audit of Request for Equitable Adjustment: Lynn Rai Electric, Inc., Contract Number GS-04P-97-EXC-0015   |                               |                                |
| 05/29/02       | A020124      | Preaward Audit of a Claim for Increased Costs: Res-Com Insulation, Inc., Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032 |                               |                                |
| 05/29/02       | A020109      | Preaward Audit of a Claim: Schindler Elevator Corporation, Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014  |                               |                                |
| 05/29/02       | A020152      | Preaward Audit of a Termination Settlement Proposal: Central Elevator, Inc., Contract Number GS-02P-99-DTC-0016  |                               |                                |
| 05/30/02       | A020155      | Audit of Request for Equitable Adjustment: Bay Mechanical, Inc., Contract Number GS-04P-97-EXC-0015  |                               |                                |
| 05/31/02       | A020156      | Audit of Request for Equitable Adjustment: Mechanical Insulations, Inc., Contract Number GS-04P-97-EXC-0015  |                               |                                |

## *Appendix II–Audit Report Register*

| Date of Report | Audit Number | Title  | Financial Recommendations     |                                |
|----------------|--------------|--|-------------------------------|--------------------------------|
|                |              |  | Funds to Be Put To Better Use | Questioned (Unsupported) Costs |
| 06/06/02       | A020132      | Audit of Claim for Increased Costs: Dick Corporation, Contract Number GS-05P-97-GBC-0011   |                               |                                |
| 06/06/02       | A020142      | Audit of Claim for Increased Costs: Mohawk Re-Bar Services, Inc., Subcontractor to Dick Corporation, Contract Number GS-05P-97-GBC-0011  |                               |                                |
| 06/06/02       | A020141      | Audit of Claim for Increased Costs: The Albert M. Higley Co., Subcontractor to Dick Corporation, Contract Number GS-05P-97-GBC-0011  |                               |                                |
| 06/07/02       | A020079      | Audit of Request for Equitable Adjustment: Atlantic Coast Mechanical, Inc., Contract Number GS-04P-97-EXC-0015   |                               |                                |
| 06/12/02       | A020097      | Preaward Audit of a Claim for Increased Costs: Artisans G & H Fixtures, Inc., Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032  |                               |                                |
| 06/21/02       | A020174      | Preaward Audit of Architect and Engineering Services Contract: Cagley & Associates, Inc., Solicitation Number GS-11P-01-YTD-0319   |                               |                                |
| 06/27/02       | A010239      | Preaward Audit of a Claim: Turner Construction Company, Contract Number GS-02P-95-DTC-0014   |                               |                                |
| 07/16/02       | A020191      | Preaward Audit of Supplemental Architect and Engineering Contract: McMullan & Associates, Inc., Solicitation Number GS-11P-01-YTD-0319   |                               |                                |
| 07/30/02       | A020086      | Preaward Audit of a Claim for Increased Costs: Raymond Interior Systems North, Subcontractor to Morse Diesel International, Inc., New U.S. Courthouse & Federal Building, Sacramento, California, Contract Number GS-09P-95-KTC-0032 |                               |                                |

## *Appendix II—Audit Report Register*

| Date of Report | Audit Number | Title   | Financial Recommendations     |                                |
|----------------|--------------|---|-------------------------------|--------------------------------|
|                |              |   | Funds to Be Put To Better Use | Questioned (Unsupported) Costs |
| 08/01/02       | A020153      | Preaward Audit of a Termination Settlement Proposal: L&H Construction Co., Inc., Contract Number GS-02P-99-DTC-0013                                   |                               |                                |
| 08/06/02       | A020207      | Preaward Audit of Architect-Engineer Design Services Contract: Goody, Clancy & Associates, Inc., Solicitation Number GS-01P-BZC-0005                  |                               |                                |
| 08/07/02       | A020173      | Preaward Audit of a CQM Proposal: CCJN & Company, Architects & Planners, P.C., Requisition/Procurement Request Number 2PMC-U-02-CQM                   |                               |                                |
| 08/12/02       | A020211      | Audit of Supplemental Architect and Engineering Services Contract: DNK Architects, Inc., Contract Number GS05P02GAD0129                               |                               |                                |
| 08/12/02       | A020119      | Audit of Request for Equitable Adjustment: Coken Company, Inc., Contract Number GS-04P-97-EXC-0015  |                               |                                |
| 08/26/02       | A020175      | Preaward Audit of a Termination Settlement Proposal: Knightsbridge Construction Corp., Contract Number GS-02P-01-PCU-0035                             |                               |                                |
| 08/30/02       | A020187      | Preaward Audit of Architect and Engineering Services Contract: Smith-Miller & Hawkinson Architects, LLP, Contract Number GS-02P-02-DTC-0012           |                               |                                |
| 09/03/02       | A020114      | Audit of Claim for Increased Costs: Cleveland Construction, Inc., Subcontractor to Clark Construction Group, Inc., Contract Number GS-04P-97-EXC-0015 |                               |                                |
| 09/04/02       | A020180      | Preaward Audit of Architect and Engineering Services Contract: Adtek Engineering, Inc., Solicitation Number GS-11P-01-YTD-0319                        |                               |                                |

## *Appendix II–Audit Report Register*

| Date of Report                    | Audit Number | Title   | Financial Recommendations     |                                |
|-----------------------------------|--------------|---|-------------------------------|--------------------------------|
|                                   |              |   | Funds to Be Put To Better Use | Questioned (Unsupported) Costs |
| 09/12/02                          | A020184      | Audit of Request for Equitable Adjustment: Atlantic Coast Mechanical, Inc., Contract Number GS-04P-97-EXC-0015                                |                               |                                |
| 09/13/02                          | A020225      | Preaward Audit of Supplemental Architect and Engineering Services Contract: Architura Corporation, Solicitation Number GS05P02GAD0091         |                               |                                |
| 09/24/02                          | A020196      | Preaward Audit of Architect and Engineering Services Contract: BEI Structural Engineers, Inc., Solicitation Number GS-11P-01-YTD-0319         |                               |                                |
| 09/26/02                          | A020201      | Preaward Audit of a Claim: Almar Plumbing and Heating Corp., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014 |                               |                                |
| <b><i>FSS Internal Audits</i></b> |              |   |                               |                                |
| 04/17/02                          | A020040      | Management Advisory Report on Assessment of Overseas Travel Regulations, Allowances, and Differentials, Pacific Rim Region                    |                               |                                |
| 04/23/02                          | A010204      | Audit of FSS's Contractor Responsibility Determinations   |                               |                                |
| 05/16/02                          | A010255      | Audit of Personal Property Donations Northwest/Arctic Region  |                               |                                |
| 06/25/02                          | A020104      | Review of Delinquent Payments from NIB/NISH Contractors   |                               |                                |
| 09/09/02                          | A020128      | Review of the Feasibility of Retrieving Expense and Revenue by Vehicle from the Financial System  |                               |                                |
| 09/26/02                          | A010171      | Advisory Review of GSA's Household Goods Shipment Program   |                               |                                |

## *Appendix II—Audit Report Register*

| Date of Report                    | Audit Number | Title  | Financial Recommendations     |                                |
|-----------------------------------|--------------|--|-------------------------------|--------------------------------|
|                                   |              |  | Funds to Be Put To Better Use | Questioned (Unsupported) Costs |
| <b><i>FSS Contract Audits</i></b> |              |  |                               |                                |
| 04/11/02                          | A60648       | Postaward Audit of Multiple Award Schedule Contract: Gaylord Bros., Contract Numbers GS-00F-3918A & GS-00F-3919A                                   |                               | \$592,556                      |
| 04/16/02                          | A010102      | Interim Postaward Audit of Multiple Award Schedule Contract: Sears Contract Sales, Contract Number GS-21F-0003J                                    |                               | \$167,231                      |
| 05/23/02                          | A020159      | Limited Audit of Termination Proposal: Sport Supply Group, Inc., Amended Purchase Order Number VPN-B-A8257-IV                                      |                               |                                |
| 06/10/02                          | A020123      | Interim Period Postaward Audit of Multiple Award Schedule Contracts: Ansley Business Materials, GSA Contract Numbers GS-15F-9507C and GS-14F-0679G |                               |                                |
| 06/18/02                          | A010223      | Interim Period Postaward Audit of Multiple Award Schedule Contract: Ecolab, Inc., Contract Number GS-10F-7771A                                     |                               |                                |
| 07/02/02                          | A020131      | Preaward Audit of Multiple Award Schedule Contract Extension through July 31, 2007: Avaya, Incorporated, Contract Number GS-35F-4321D              |                               |                                |
| 07/08/02                          | A020094      | Preaward Audit of Multiple Award Schedule Contract: QSS Group, Inc., Solicitation Number FCIS-JB-980001-B  |                               |                                |
| 07/11/02                          | A020065      | Preaward Audit of Multiple Award Schedule Contract: Danko Office Imaging Company, Solicitation Number FCGE-C1-00-0001-B                            |                               |                                |
| 07/29/02                          | A010180      | Interim Postaward Audit of Multiple Award Schedule Contract: Maytag Appliances Sales Co., Contract Number GS-21F-0001J                             |                               | \$283,559                      |

## *Appendix II–Audit Report Register*

| Date of Report                      | Audit Number | Title   | Financial Recommendations     |                                |
|-------------------------------------|--------------|---|-------------------------------|--------------------------------|
|                                     |              |   | Funds to Be Put To Better Use | Questioned (Unsupported) Costs |
| 07/31/02                            | A020145      | Preaward Audit of Multiple Award Schedule Contract: C & E Services, Inc., Solicitation Number 7FXP-D4-01-0539-B |                               |                                |
| 09/26/02                            | A020066      | Limited Scope Postaward Audit of Multiple Award Schedule Contract: Danka Office Imaging Company                 |                               | \$1,351                        |
| 09/27/02                            | A020212      | Preaward Audit of Multiple Award Schedule Contract: Kar Products, LLC., Solicitation Number 7FXP-D4-01-0539-B   |                               |                                |
| <b><i>FTS Internal Audits</i></b>   |              |   |                               |                                |
| 08/27/02                            | A020185      | Audit of Federal Technology Service Financial Controls over Information Technology Solutions                    |                               |                                |
| 09/27/02                            | A010238      | Review of the FTS2001 Billing System, Federal Technology Service  |                               |                                |
| <b><i>FTS Contract Audits</i></b>   |              |   |                               |                                |
| 07/11/02                            | A020194      | Preaward Audit of Cost or Pricing Data: Infopro Incorporated, Solicitation Number GSC-TFMG-02-M038              |                               |                                |
| 08/05/02                            | A020193      | Preaward Audit of Cost or Pricing Data: CITI, Solicitation Number GSC-TFMG-02-M038                              |                               |                                |
| <b><i>Other Internal Audits</i></b> |              |   |                               |                                |
| 05/10/02                            | A010187      | Audit of the General Services Administration's Fiscal Years 2001 and 2000 Financial Statements                  |                               |                                |
| 07/16/02                            | A010268      | Audit of GSA's Inventorying Process for the Federal Activities Inventory Reform Act                             |                               |                                |
| 08/05/02                            | A010257      | Review of GSA's Awards Program  |                               |                                |
| 08/09/02                            | A010050      | Audit of the Administration of the Pegasys Project by the Office of the Chief Financial Officer                 |                               |                                |

## *Appendix II—Audit Report Register*

| Date of Report                        | Audit Number | Title  | Financial Recommendations     |                                |
|---------------------------------------|--------------|--|-------------------------------|--------------------------------|
|                                       |              |  | Funds to Be Put To Better Use | Questioned (Unsupported) Costs |
| 08/30/02                              | A010029      | Feddesk's Online Services Require a Risk Assessment and Careful Consideration of User Requirements                                     |                               |                                |
| 09/11/02                              | A020163      | Review of Payroll Internal Controls-FY 2002  |                               |                                |
| 09/26/02                              | A020011      | Audit of GSA's Electronic Mail System Security   |                               |                                |
| 09/30/02                              | A020112      | Review of Controls over Purchase Card Program for the Greater Southwest Region's Federal Supply Service and Federal Technology Service |                               |                                |
| 09/30/02                              | A020168      | Audit of Management Controls over Recovery Auditing Services Administered by the Office of the Chief Financial Officer                 |                               |                                |
| 09/30/02                              | A020147      | Government Information Security Reform Act GSA OIG Annual Report for FY 2002   |                               |                                |
| <b><i>Non-GSA Contract Audits</i></b> |              |  |                               |                                |
| 06/14/02                              | A020088      | Audit of Contract Cost: Computer Sciences Corporation, Contract Number GS00K96AJD0012  |                               |                                |
| 08/09/02                              | A020198      | Preaward Audit of Cost or Pricing Data: Shell Oil Company  |                               |                                |
| 09/30/02                              | A020235      | Preaward Audit of Cost or Pricing Data: Shell Oil Company  |                               |                                |

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## Appendix III—Audit Reports over 12 Months Old with Final Action Pending

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Pursuant to Section 810, Prompt Resolution of Audit Recommendations, of the National Defense Authorization Act, (Public Law 104-106), 5 U.S.C. App. 3, § 5 note, this appendix identifies those audit reports where final actions remain open 12 months after the report issuance date. The GSA Office of the Chief Financial Officer, Office of the Controller, furnished the following information.

*Audits with Management Decisions Made after February 10, 1996 for Which No Final Action Has Been Completed*

| <b>Date of Report</b> | <b>Audit Number</b> | <b>Title</b> |
|-----------------------|---------------------|--------------|
|-----------------------|---------------------|--------------|

### **Contract Audits**

|          |        |  |
|----------|--------|--|
| 11/01/96 | A21882 | Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-07065 for the Period November 14, 1988 Through September 30, 1991 |
| 11/01/96 | A31851 | Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02598 for the Period August 26, 1988 Through March 31, 1991       |
| 11/01/96 | A31865 | Postaward Audit of Multiple Award Schedule Contract: Hamilton Sorter Company, Inc., Contract Number GS-00F-02046 for the Period December 4, 1987 Through September 30, 1990  |
| 03/21/97 | A70632 | Preaward Audit of Change Order Proposal: Expert Electric, Inc., Contract Number GS-02P-94-CUC-0033(N)  |
| 03/24/97 | A72434 | Audit of Real Estate Tax Adjustments: WRC Properties, Inc., Lease Number GS-09B-88163, Calendar Years 1990 Through 1996  |
| 06/27/97 | A71811 | Audit of Claim for Increased Costs, Miscellaneous Subcontractors to Morse Diesel International, Inc., Contract Number GS06P94GYC0037   |
| 07/11/97 | A71803 | Audit of Claim for Increased Costs: Nicholson Construction Company, Contract Number GS06P94GYC0037   |
| 07/22/97 | A71804 | Audit of Claim for Increased Costs: Rodio/ICOS St. Louis Joint Venture, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P94GYC0037                    |
| 07/31/97 | A71820 | Audit of Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS06P94GYC0037   |
| 08/05/97 | A73617 | Refund From The Committee For Purchase From People Who Are Blind Or Severely Disabled, Agreement Number GS-02F-61511   |
| 08/22/97 | A70646 | Preaward Audit of a Delay Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)   |

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

| Date of Report | Audit Number | Title  |
|----------------|--------------|--|
| 09/22/97       | A70649       | Preaward Audit of a Delay Claim: Consolidated Electric, Inc., Subcontractor to Beacon/Pro Con, Joint Venture, Contract Number GS-02P-94-CUC-0070(N)                      |
| 09/24/97       | A71526       | Price Adjustments on Multiple Award Schedule Contract: Domore Corporation, Contract Number GS-00F-5232A for the Interim Period December 1, 1997 Through January 31, 2001 |
| 10/23/97       | A70655       | Preaward Audit of a Delay Claim: Denron Plumbing and HVAC, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)                    |
| 10/24/97       | A70660       | Preaward Audit of a Change Order Proposal: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)   |
| 11/12/97       | A70656       | Preaward Audit of a Delay Claim: J.C. Higgins Corp., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)                                |
| 11/26/97       | A22536       | Postaward Audit of Multiple Award Schedule Contract: Ingres Corporation, Contract Number GS00K89AGS5589  |
| 11/26/97       | A32476       | Limited Audit of Government Billings: Ingres Corporation, Contract Number GS00K89AGS5589   |
| 12/24/97       | A80602       | Preaward Audit of a Delay Claim: Dan Lepore and Sons, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)                         |
| 01/12/98       | A80604       | Preaward Audit of a Delay Claim: Able Finishing, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)                              |
| 01/12/98       | A80608       | Preaward Audit of a Delay Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)   |
| 02/05/98       | A80609       | Preaward Audit of a Delay Claim: The Woodworks Architectural Millwork, Inc., Subcontractor to Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)        |
| 02/11/98       | A80607       | Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)   |
| 03/19/98       | A81515       | Audit of Claim for Increased Costs: Herman B. Taylor Construction Company, Contract Number GS-07P-92-HUC-0017  |
| 04/13/98       | A80621       | Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070 (N)  |
| 05/27/98       | A42146       | Postaward Audit of Multiple Award Schedule Contract: Haworth, Incorporated, Contract Number GS-00F-07010   |

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## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

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| <b>Date of Report</b> | <b>Audit Number</b> | <b>Title</b>   |
|-----------------------|---------------------|--|
| 06/17/98              | A82441              | Preaward Audit of a Claim for Increased Costs: Morse Diesel International, Inc., Contract Number GS-09P-95-KTC-0010  |
| 07/17/98              | A60934              | Postaward Audit of Multiple Award Schedule Contract: Interface Flooring Systems, Inc., Contract Number GS-00F-0002A for the Interim Period October 8, 1992 Through February 28, 1997     |
| 09/04/98              | A990302             | Postaward Audit of Multiple Award Schedule Contract: Westinghouse Furniture Systems, Contract Number GS-00F-76574  |
| 09/22/98              | A80931              | Preaward Review of Multiple Award Schedule Contract For The Extension Period April 1, 1999 Through March 31, 2004: Computer Associates International, Inc., Contract Number GS-35F-5169H |
| 09/24/98              | A82456              | Audit of Termination Settlement Proposal: Witherington Construction Corporation, Contract Number GS-07P-95-HUC-0068  |
| 10/13/98              | A80636              | Preaward Audit of a Claim: Structural Preservation Systems, Inc., Contract Number GS-02P-96-DTC-0033   |
| 11/13/98              | A82471              | Preaward Audit of a Claim for Increased Costs: Hensel Phelps Construction Company, Contract Number GS-08P-96-JFC-0006  |
| 11/16/98              | A80646              | Preaward Audit of a Claim: Beacon/Pro Con Joint Venture, Contract Number GS-02P-94-CUC-0070(N)   |
| 12/15/98              | A82472              | Preaward Audit of a Claim for Increased Costs: Trautman & Shreve, Inc., Subcontractor to Hensel Phelps Construction Company, Contract Number GS-08P-96-JFC-0006                          |
| 02/05/99              | A995113             | Preaward Audit of Supplemental Architect and Engineering Services Contract: Van Deusen & Associates, Solicitation Number GS-02P-98-PLD-0029(N)   |
| 02/17/99              | A995100             | Preaward Audit of a Claim: Chereco Co., Inc., Subcontractor to TGMI/Contractors Inc., Contract Number GS-03P-96-DXC-0021   |
| 03/24/99              | A995128             | Preaward Audit of Cost or Pricing Data: Sachs Electric Company, Subcontractor to Morse Diesel International, Inc., Contract Number GS06P95GZC0501  |
| 03/30/99              | A995150             | Preaward Audit of Supplemental Architect and Engineering Services Contract; Ammann & Whitney Consulting Engineers, P.C., Solicitation Number GS-02P-98-PLD-0015(N)                       |
| 04/02/99              | A995182             | Preaward Audit of Architect and Engineering Services Contract: Staunton Chow Engineers, P.C., Solicitation Number GS-02P-98-PLD-0015(N)  |

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

| Date of Report | Audit Number | Title  |
|----------------|--------------|--|
| 05/05/99       | A995151      | Preaward Audit of Supplemental Architect and Engineering Services Contract: Wank Adams Slavin Associates, Solicitation Number GS-02P-98-PLD-0015(N)                            |
| 06/08/99       | A995192      | Limited Postaward Audit of Multiple Award Schedule Contract for the Period April 1, 1997 Through February 28, 1999: Danka Office Imaging Company, Contract Number GS-26F-1018B |
| 06/15/99       | A42113       | Postaward Audit of Multiple Award Schedule Contract: Herman Miller Inc., Contract Number GS-00F-07000  |
| 06/15/99       | A995171      | Audit of Incurred Costs: Niagara Mohawk Power Corporation, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036  |
| 06/18/99       | A995220      | Audit of Claim for Increased Costs: PM Realty Group, Ltd., Contract Number GS05P96GAC0187  |
| 06/22/99       | A995164      | Preaward Audit of Multiple Award Schedule Contract: Compaq Computer Corporation, Extension to Contract Number GS-35F-4544G   |
| 06/24/99       | A995231      | Audit of Small Business Subcontracting Plan: Rael Automatic Sprinkler Company, GS-02P-95-DTC-0041(N)   |
| 07/07/99       | A995249      | Audit of Small Business Subcontracting Plan: L. Martone and Sons, Inc., Contract Number GS-02P-95-DTC-0041(N)  |
| 07/07/99       | A995209      | Audit of Claim for Increased Costs: The Spector Group, Contract Number GS-02P-92CUC0029(N)   |
| 07/30/99       | A995173      | Audit of Incurred Costs: Duke Engineering & Services, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036   |
| 08/12/99       | A995215      | Audit of Incurred Costs: KeySpan Energy, Contract Numbers EMN-1999-MO-2032 & EMN-1999-MO-2036  |
| 09/09/99       | A995283      | Preaward Review of Multiple Award Schedule Contract: National Education Training Group, Inc., Contract Number GS-02B-22885   |
| 09/15/99       | A52534       | Postaward Audit of Multiple Award Schedule Contract: Intermecc Corporation, Contract Number GS00K91AGS5288   |
| 09/15/99       | A52565       | Postaward Audit of Multiple Award Schedule Contract: Intermecc Corporation, Contract Number GS00K91AGS5288 (PS01)  |
| 09/15/99       | A52566       | Postaward Audit of Multiple Award Schedule Contract: Intermecc Corporation, Contract Number GS00K91AGS5288 (PS02)  |

## ***Appendix III—Audit Reports over 12 Months Old with Final Action Pending***

| <b>Date of Report</b> | <b>Audit Number</b> | <b>Title</b>   |
|-----------------------|---------------------|--|
| 09/23/99              | A995296             | Preaward Audit of Multiple Award Schedule Contract: TCT Technical Training, Inc., Contract Number GS-02F-9308C for the Period October 1, 1999 to September 30, 2004                      |
| 10/04/99              | A995275             | Preaward Audit of Change Order Proposal to Contract Number GS-02P93CUC0071 for the Final Phase of the African Burial Ground Project, Howard University                                   |
| 10/13/99              | A995262             | Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract GS-02P-95-DTC-0014(N)   |
| 10/26/99              | A995278             | Preaward Audit of a Claim: Midlantic Erectors, Inc., Subcontractor to Metropolitan Steel Industries, Inc., Contract Number GS-02P-95-DTC-0014(N)   |
| 11/04/99              | A995272             | Preaward Audit of a Claim: Metropolitan Steel Industries, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014(N)                                      |
| 11/10/99              | A995271             | Preaward Audit of Architect and Engineering Services Contract: HLW International LLP, Contract Number GS-02P-93-CUC-0062   |
| 11/29/99              | A995304             | Preaward Audit of Multiple Award Schedule Contract for the Extension Period October 1, 1999 Through September 30, 2004: Coastal Video Communications Corp., Contract Number GS-02F-9309C |
| 11/30/99              | A995289             | Preaward Audit of Architect and Engineering Services Contract: Accu-Cost Construction Consultants, Inc., Subcontractor to HLW International LLP, Contract Number GS-02P-93-CUC-0062      |
| 12/08/99              | A995330             | Preaward Audit of Multiple Award Schedule Contract: Caswell International Corporation, Contract Number GS-02F-0434D  |
| 01/07/00              | A000821             | Preaward Audit of the Extension of Multiple Award Schedule Contract Number GS-02F-1407H: Development Dimensions International, Inc.  |
| 01/11/00              | A000819             | Preaward Audit of Architect and Engineering Services Contract: Gordon H. Smith Corporation, Subcontractor to HLW International LLP, Contract Number GS-02P-93-CUC-0062                   |
| 02/08/00              | A995167             | Price Adjustments on Multiple Award Schedule Contract: National Education Training Group, Inc., Contract Number GS-02F-0429D for the Interim Period March 1, 2000 Through March 31, 2000 |
| 02/15/00              | A40910              | Postaward Audit of Multiple Award Schedule Contract: McNaughton Book Service, Contract Number GS-02F-52166 for the Period February 24, 1989 to July 31, 1992                             |

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

| Date of Report | Audit Number | Title  |
|----------------|--------------|--|
| 02/17/00       | A000923      | Preaward Audit of Multiple Award Schedule Contract: Shamrock Scientific Specialty Systems, Inc., Contract Number GS-14F-9732C  |
| 03/02/00       | A000934      | Preaward Audit of Multiple Award Schedule Contract: TimeMed Labeling Systems, Inc., Contract Number GS-14F-0150D   |
| 03/06/00       | A000948      | Preaward Audit of Multiple Award Schedule Contract: 3M Company, Contract Number GS-14F-0161D   |
| 03/06/00       | A000963      | Preaward Audit of a Claim: Trataros Construction, Inc., Contract Number GS-02P-96-DTC-0033   |
| 03/09/00       | A000911      | Preaward Audit of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: Adams Marketing Associates, Inc., Contract Number GS-14F-9734C  |
| 03/10/00       | A000936      | Preaward Audit of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: George W. Allen Co., Inc., Contract Number GS-14F-0177D   |
| 03/29/00       | A81830       | Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Period March 8, 1991 Through February 29, 1996  |
| 03/29/00       | A995122      | Postaward Audit of Standardization and Control of Industrial-Quality Tools Contract: Wright Tool Company, Contract Number GS-00F-14609 for the Interim Period March 1, 1996 Through April 30, 1998                                     |
| 04/04/00       | A000943      | Preaward Audit of a Claim for Increased Costs: Cali-U.S.A. Acoustics, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012           |
| 04/17/00       | A000889      | Preaward Audit of a Claim for Increased Costs: Italian Marble and Tile Company, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012 |
| 04/25/00       | A000975      | Preaward Audit of Multiple Award Schedule Contract: Day Runner, Incorporated, Contract Number GS-14F-0193D   |
| 05/02/00       | A000918      | Preaward Audit of a Claim for Increased Costs: Morrow-Meadows Corporation, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012            |
| 05/08/00       | A000944      | Preaward Audit of a Claim for Increased Costs: Columbia Fabricating Company, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012    |

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## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

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| <b>Date of Report</b> | <b>Audit Number</b> | <b>Title</b>  |
|-----------------------|---------------------|---|
| 05/11/00              | A000950             | Preaward Audit of a Claim for Increased Costs: Moon and Crockett Plumbing Corporation, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012 |
| 05/11/00              | A000993             | Preaward Audit of a Claim: Trataros Construction, Inc., Contract Number GS-02P-96-DTC-0033  |
| 05/16/00              | A001007             | Preaward Audit of Multiple Award Schedule Contract for the Extension Period February 29, 2000 Through February 28, 2005: Franklin Covey, Contract Number GS-14F-9729C   |
| 05/18/00              | A000961             | Preaward Audit of a Claim for Increased Costs: Washington Iron Works, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012                  |
| 05/18/00              | A001009             | Limited Postaward Audit of Multiple Award Schedule Contract: Day Runner, Incorporated, Contract Number GS-14F-0193D   |
| 05/25/00              | A000955             | Limited Scope Postaward Audit: Voyager Fleet Systems, Inc., Contract Number GS-23F-98006  |
| 05/26/00              | A000853             | Preaward Audit of a Claim for Increased Costs: Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012  |
| 06/01/00              | A000971             | Audit of Claims for Increased Costs: Midwest Curtainwalls, Inc., The Federal Triangle Project   |
| 06/27/00              | A000860             | Interim Postaward Audit: Voyager Fleet Systems, Inc.'s Compliance with Fuel Tax Requirements under Contract Number GS-23F-98006   |
| 06/30/00              | A001000             | Limited Scope Postaward Audit: AOC Solutions, Inc., Contract Number GS-23F-98006  |
| 07/19/00              | A000940             | Preaward Audit of a Claim: Coken Company, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014  |
| 07/27/00              | A001028             | Limited Review of Contract Extension Claim: International Services, Inc., Contract Number GS-02P-94-CTD-0141  |
| 07/28/00              | A000916             | Preaward Audit of a Claim for Increased Costs: Raymond Interior Systems, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012               |

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

| Date of Report | Audit Number | Title  |
|----------------|--------------|--|
| 08/01/00       | A001001      | Preaward Audit of a Claim for Increased Costs: Aztec Fire Protection, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012                 |
| 08/23/00       | A001018      | Preaward Audit of a Claim for Increased Costs: Borbon, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012                                |
| 08/24/00       | A000941      | Preaward Audit of a Claim: Centrifugal/Mechanical Associates, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014   |
| 08/28/00       | A001023      | Preaward Audit of a Claim for Increased Costs: Cali-U.S.A. Acoustics, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012                 |
| 08/31/00       | A001044      | Audit of Billings Under Contract Number GS06P99GZC0304: Fire Assurance, Inc.   |
| 09/28/00       | A001051      | Preaward Audit of Multiple Award Schedule Contract: Motorola, Inc., Solicitation Number FCIS-JB-980001B-03-23-98   |
| 10/17/00       | A001024      | Preaward Audit of a Claim: Canron Fabrication Corp., Second-Tier Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014  |
| 10/25/00       | A001098      | Preaward Audit of a Claim for Increased Costs: Well-Bilt Aluminum Products, Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012                 |
| 10/30/00       | A000942      | Preaward Audit of a Claim: Centrifugal/Mechanical Associates, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014   |
| 10/30/00       | A001082      | Preaward Audit of a Claim for Increased Costs: Invensys Building Systems, Inc., Second Tier Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012 |
| 11/08/00       | A001085      | Preaward Audit of a Claim for Increased Costs: D. Burke Mechanical Corp., Second Tier Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012       |
| 11/09/00       | A001078      | Preaward Audit of a Claim (Unresolved Change Orders): Warren Electrical Construction Corporation, Subcontractor to Archer-Western Contractors, Ltd., Contract Number GS-03P-96-DXC-0017  |

## ***Appendix III—Audit Reports over 12 Months Old with Final Action Pending***

| <b>Date of Report</b> | <b>Audit Number</b> | <b>Title</b>   |
|-----------------------|---------------------|--|
| 12/07/00              | A001025             | Preaward Audit of a Claim for Increased Costs: Aztec Contracting, Inc., Subcontractor to Ray Wilson Company, Ronald Reagan Federal Building & U.S. Courthouse, Santa Ana, California, Contract Number GS-09P-95-KTC-0012 |
| 12/13/00              | A010047             | Preaward Audit of Claim: Culpepper Construction Company, Inc., Contract Number GS-04P-96-EXC-0033  |
| 12/21/00              | A42160              | Postaward Audit of Multiple Award Schedule Contract: Storage Technology Corporation, Contract Number GS00K92AGS5574  |
| 01/10/01              | A001092             | Audit of Billings under Contract Number GS06P99GZC0304: Wayne Automatic Sprinkler Corporation, Subcontractor to Fire Assurance, Inc.   |
| 01/10/01              | A001021             | Postaward Audit of Multiple Award Schedule Contract: Merant, Inc. for the Interim Period March 26, 1999 Through September 30, 2000, Contract Number GS-35F-0322J   |
| 01/10/01              | A001021             | Postaward Audit of Multiple Award Schedule Contract and Industrial Funding Fee: Merant, Inc. for the Interim Period March 26, 1999 Through September 30, 2000, Contract Number GS-35F-0322J                              |
| 01/25/01              | A001081             | Preaward Audit of a Claim for Increased Costs: Coken Company, Inc., Subcontractor to Dick Corporation, U.S. Courthouse & Federal Building, Phoenix, Arizona, Contract Number GS-09P-96-KTC-0070                          |
| 01/29/01              | A000909             | Preaward Audit of a Claim: Turner Construction Company, Contract Number GS-02P-95-DTC-0014   |
| 02/06/01              | A010094             | Preaward Audit of a Claim: Smith & Oby Company, Contract Number GS-05P-99-GBC-0025   |
| 02/08/01              | A010089             | Audit of a Claim for Increased Costs: Palafox Street Associates, L.P., Federal Courthouse, Pensacola, FL, Lease Number GS-04B-35055  |
| 02/12/01              | A001047             | Preaward Audit of a Claim (Time Impact Costs): Warren Electrical Construction Corporation, Subcontractor to Archer-Western Contractors, Ltd., Contract Number GS-03P-96-DXC-0017   |
| 02/15/01              | A001072             | Audit of Claim for Increased Costs: Archer-Western Contractors, Ltd., Contract Number GS-03P-96-DXC-0017   |
| 02/28/01              | A010093             | Preaward Audit of a Change Order Proposal: J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N   |
| 03/02/01              | A010099             | Preaward Audit of Multiple Award Schedule Contract: Security Engineered Machinery Company, Incorporated, Solicitation Number FCO-00-CORP-0000C   |

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

| Date of Report | Audit Number | Title   |
|----------------|--------------|---|
| 03/07/01       | A010100      | Audit of Claim for Unresolved Change Orders: Archer-Western Contractors, Ltd., Contract Number GS-03P-96-DXC-0017   |
| 03/20/01       | A001119      | Audit of Forward Pricing Rates: J.A. Jones-GMO, LLC, Contract Number GS-02P-99-DTC-0006 & GS-02P-98-DTC-0088  |
| 03/29/01       | A010169      | Preaward Audit of Cost Plus Fixed Fee IDIQ Proposal: RS Information Systems, Inc., Solicitation Number GSC-TFMGD-00-3006  |
| 04/30/01       | A010127      | Audit of Billings under Contract Number GS06P99GZC0315: DKW Construction, Inc.  |
| 05/11/01       | A010128      | Preaward Audit of a Change Order Proposal: D.A.G. Floors, Inc., Subcontractor to J. Kokolakis Contracting, Inc., Contract Number GS-02P-98-DTC-0056N                  |
| 05/18/01       | A010157      | Preaward Audit of a Claim: Owen, Melbye & Rohlf Building Partnership, Lease Number GS-09B-97243   |
| 05/23/01       | A010160      | Preaward Audit of Cost or Pricing Data: John Milner Associates, Inc., Solicitation Number 2PCB-CM-010174  |
| 05/30/01       | A010175      | Preaward Audit of Cost or Pricing Data: Caswell International Corporation, Contract Number GS-02F-0434D   |
| 05/31/01       | A010118      | Preaward Audit of a Claim for Increased Costs: Amelco Construction, Roybal Federal Building & Courthouse, Los Angeles, California, Contract Number GS-09P-98-KTC-0020 |
| 06/06/01       | A000965      | Limited Scope Postaward Audit of Multiple Award Schedule Contract for the Period July 1, 1999 Through December 31, 1999: Franklin Covey, Contract Number GS-14F-9729C |
| 06/19/01       | A001113      | Limited Scope Postaward Audit: Voyager Fleet Systems, Inc., Contract Number GS-23F-98006 for the Interim Period November 30, 1998 Through December 31, 2000           |
| 07/03/01       | A010168      | Audit of Claim for Increased Costs: C.W. Fentress J.H. Bradburn and Associates, P.C., Contract Number GS-07P-91-JXC-0062  |
| 07/10/01       | A010201      | Preaward Audit of Multiple Award Schedule Contract: ABM Federal Sales, Solicitation Number FCGE-C1-00-0001-B  |
| 07/31/01       | A001055      | Preaward Audit of a Claim: Heritage Air Systems, Inc., Subcontractor to Turner Construction Company, Contract Number GS-02P-95-DTC-0014                               |

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## ***Appendix III—Audit Reports over 12 Months Old with Final Action Pending***

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| <b>Date of Report</b> | <b>Audit Number</b> | <b>Title</b>   |
|-----------------------|---------------------|--|
| 08/14/01              | A010222             | Preaward Audit of Architect and Engineering Proposal: Perkins and Will, Inc., Solicitation Number GS-09P-00-KTC-0088   |
| 08/16/01              | A010122             | Interim Postaward Audit of Multiple Award Schedule Contract: ABM, Inc., Contract Number GS-26F-1002B   |
| 08/30/01              | A010192             | Postaward Audit of Industrial Funding Fee: Broadway Sporting Goods Co., Inc., Contract Numbers GS-07F-9870H and GS-07F-8552C   |
| 09/05/01              | A010193             | Audit of Claim for Increased Costs: Woodcraft Manufacturing, Inc., Contract Number GS-04P-96-EXC-0020  |
| 09/07/01              | A010183             | Audit of Claim for Increased Costs: Avalotis Corporation, Contract Number GS-04P-96-EXC-0020   |
| 09/17/01              | A010221             | Preaward Audit of Multiple Award Schedule Contract: Konica Business Technologies, Inc., Solicitation Number FCGE-C100-0001-B   |
| 09/26/01              | A010253             | Price Adjustments on Multiple Award Schedule Contract: TransUnion Corporation, Contract Number GS-22F-9602D for the Interim Period November 1, 2001 Through April 30, 2005 |
| 09/26/01              | A010224             | Preaward Audit of Multiple Award Schedule Contract: Oce Office Systems, Solicitation Number FCGE-C1-00-0001-B  |
| 09/27/01              | A010206             | Audit of Actual Cost Incurred to Determine Shared Savings Under Phase I of Contract Number GS-04P-97-EXC-0005: Whiting-Turner Contracting Company                          |
| 09/28/01              | A010254             | Audit of Payments: Paragon Systems Contract Number GS-04P-98-EYC-0117  |
| 09/28/01              | A010252             | Limited Scope Postaward Audit Review of Industrial Funding Fee Remittances: ABM, Inc., Various GSA Multiple Award Schedule Contract Numbers                                |

## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

| Date of Report                | Audit Number | Title  | Projected Final Action Date |
|-------------------------------|--------------|--|-----------------------------|
| <b><i>Internal Audits</i></b> |              |  |                             |
| 12/02/96                      | A63019       | Audit of the PAPCAP Price Adjustments  | 12/15/03                    |
| 03/30/98                      | A83007       | Follow-up Review of the Contract Workload Management   | 04/15/03                    |
| 09/30/98                      | A72705       | Arthur Andersen LLP, Fiscal Year 1997 Comments and Suggestions for Consideration (Management letter)                       | Being revised               |
| 03/24/99                      | A995025      | Audit of Security Measures for New and Renovated Federal Facilities  | 04/15/03                    |
| 07/15/99                      | A82706       | PricewaterhouseCoopers LLP Management Letter, Fiscal Year 1998 Financial Statement Audit                                   | 01/15/04                    |
| 09/24/99                      | A83602       | GSA's Information Systems Security Has Not Kept Pace With Increasing Internet and Intranet Risks                           | Being revised               |
| 09/30/99                      | A995016      | Security Weaknesses Place GSA's Local Area Networks at Undue Risk  | Being revised               |
| 03/28/00                      | A995175      | Audit of the Federal Protective Service's Contract Guard Program   | 11/15/02                    |
| 03/31/00                      | A995010      | PBS Needs to Complete STAR Development and Implement Management and System Controls to Fully Realize Improved Capabilities | 10/15/03                    |
| 08/02/00                      | A995201      | PricewaterhouseCoopers LLP Management Letter Fiscal Year 1999 Financial Statement Audit                                    | 01/15/03                    |
| 03/21/01                      | A001063      | Review of Internal Controls Over Smart Cards   | Being revised               |
| 03/27/01                      | A000968      | Review of Operating Equipment Inventories: Public Buildings Service, New England Region                                    | 10/15/02                    |
| 05/29/01                      | A001012      | PricewaterhouseCoopers LLP Fiscal Year 2000 Interim and Year-End Management Letters  | 03/15/03                    |
| 06/21/01                      | A000811      | GSA's Increasing use of Electronic Commerce Systems Requires Improved Security   | 11/15/02                    |
| 09/06/01                      | A010091      | Audit of PBS' Asbestos Management Program in the National Capital Region   | 01/15/03                    |

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## *Appendix III—Audit Reports over 12 Months Old with Final Action Pending*

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| <b>Date of Report</b> | <b>Audit Number</b> | <b>Title</b>   | <b>Projected Final Action Date</b> |
|-----------------------|---------------------|--|------------------------------------|
| 09/18/01              | A001112             | Audit of PBS's Fire Safety Activities                        | 01/15/03                           |
| 09/28/01              | A010044             | Audit of the Public Buildings Service's Asset Business Plans | 06/15/03                           |

## Appendix IV—Delinquent Debts

The GSA Office of the Chief Financial Officer provided the following information.

### **GSA Efforts to Improve Debt Collection**

During the period April 1, 2002 through September 30, 2002, GSA efforts to improve debt collection and reduce the amount of debt written off as uncollectible focused on upgrading the collection function and enhancing debt management. These activities included the following:

- From April 1, 2002 through September 30, 2002, GSA Finance Centers referred over \$1.4 million of delinquent non-Federal claims to the U.S. Department of the Treasury (Treasury) for cross-servicing collection activities. Collections on these claims exceed \$170 million. Administrative offsets have resulted in additional collections of \$6.6 million. GSA also collects non-Federal claims using Pre-Authorized Debits (PADs). From April 1, 2002 to September 30, 2002, 22 PADs totaling \$9,675 were processed.
- GSA also successfully negotiated settlements and collected over \$1.3 million in delinquent billings from the National Institute for the Blind/National Institute for the Severely Handicapped (NIB/NISH) contractors.
- Persistent claims coordination among regional contracting officers, Treasury, and our Finance Centers continues to strengthen our claims collection efforts.
- Efforts continue to enhance the Accounts Receivable Claims System and the Billing Accounts Receivable Tracking system, making them better tools for collection technicians and enabling them to provide better service to their customers.
- GSA has been working with Treasury's Financial Management Service to remove all non-paying claims over 2 years old from open receivables. This will give us a clearer picture of our workload and help us concentrate on collectible receivables. We are also implementing a plan to review and contact delinquent accounts on a quarterly basis. This will ensure every effort has been made to collect a debt before it becomes 2 years old and is written off as uncollectible.
- GSA is developing a better process to ensure restitution payments are properly accounted for and booked in a timely manner. The Finance Centers were not being notified when restitution was ordered and monthly installment payments were coming to GSA unidentified. We were not able to determine when money was due GSA or how to apply the payments. With these new procedures, the Finance Centers will be notified when restitution is ordered by a court and where to book the collections. If a debtor stops making payments, we will notify the Department of Justice and then forward the claim to Treasury for collection cross-servicing and inclusion in the Treasury Offset Program.

### **Non-Federal Accounts Receivable**

|   | As of<br>April 1, 2002 | As of<br>September 30, 2002 | Difference    |
|---|------------------------|-----------------------------|---------------|
| Total Amounts Due GSA   | \$22,031,650           | \$18,534,176                | (\$3,497,474) |
| Amounts Delinquent  | \$13,522,950           | \$13,110,933                | (\$ 412,017)  |
| Total Amount Written Off as Uncollectible Between 4/01/02 and 9/30/02 | \$1,111,412            |                             |               |

## **Appendix V—Reporting Requirements**

The table below cross-references the reporting requirements prescribed by the Inspector General Act of 1978, as amended, to the specific pages where they are addressed. The information requested by the

Congress in Senate Report No. 96-829 relative to the 1980 Supplemental Appropriations and Rescission Bill and the National Defense Authorization Act is also cross-referenced to the appropriate page of the report.

| <b>Requirement</b>   | <b>Page</b> |
|--|-------------|
| <b>Inspector General Act</b>   |             |
| Section 4(a)(2) - Review of Legislation and Regulations . . . . .  | 34–35       |
| Section 5(a)(1) - Significant Problems, Abuses, and Deficiencies. . . . .  | 2, 23       |
| Section 5(a)(2) - Recommendations with Respect to Significant Problems, Abuses, and Deficiencies . . . . .                 | 2, 23       |
| Section 5(a)(3) - Prior Recommendations Not Yet Implemented . . . . .  | 47          |
| Section 5(a)(4) - Matters Referred to Prosecutive Authorities. . . . .   | 42          |
| Sections 5(a)(5) and 6(b)(2) - Summary of Instances Where Information Was Refused. . . . .                                 | None        |
| Section 5(a)(6) - List of Audit Reports. . . . .   | 50          |
| Section 5(a)(7) - Summary of Each Particularly Significant Report. . . . .   | 2, 23       |
| Section 5(a)(8) - Statistical Tables on Management Decisions on Questioned Costs . . . . .                                 | 41          |
| Section 5(a)(9) - Statistical Tables on Management Decisions on Recommendations That Funds Be Put to Better Use . . . . .  | 40          |
| Section 5(a)(11) - Description and Explanation for Any Significant Revised Management Decision . . . . .                   | None        |
| Section 5(a)(12) - Information on Any Significant Management Decisions with Which the Inspector General Disagrees. . . . . | None        |
| <b>Senate Report No. 96-829</b>  |             |
| Resolution of Audits . . . . .   | 39          |
| Delinquent Debts . . . . .   | 72          |
| <b>National Defense Authorization Act, Public Law 104-106, 5 U.S.C. App. 3, § 5 note . . . . .</b>                         | <b>59</b>   |

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